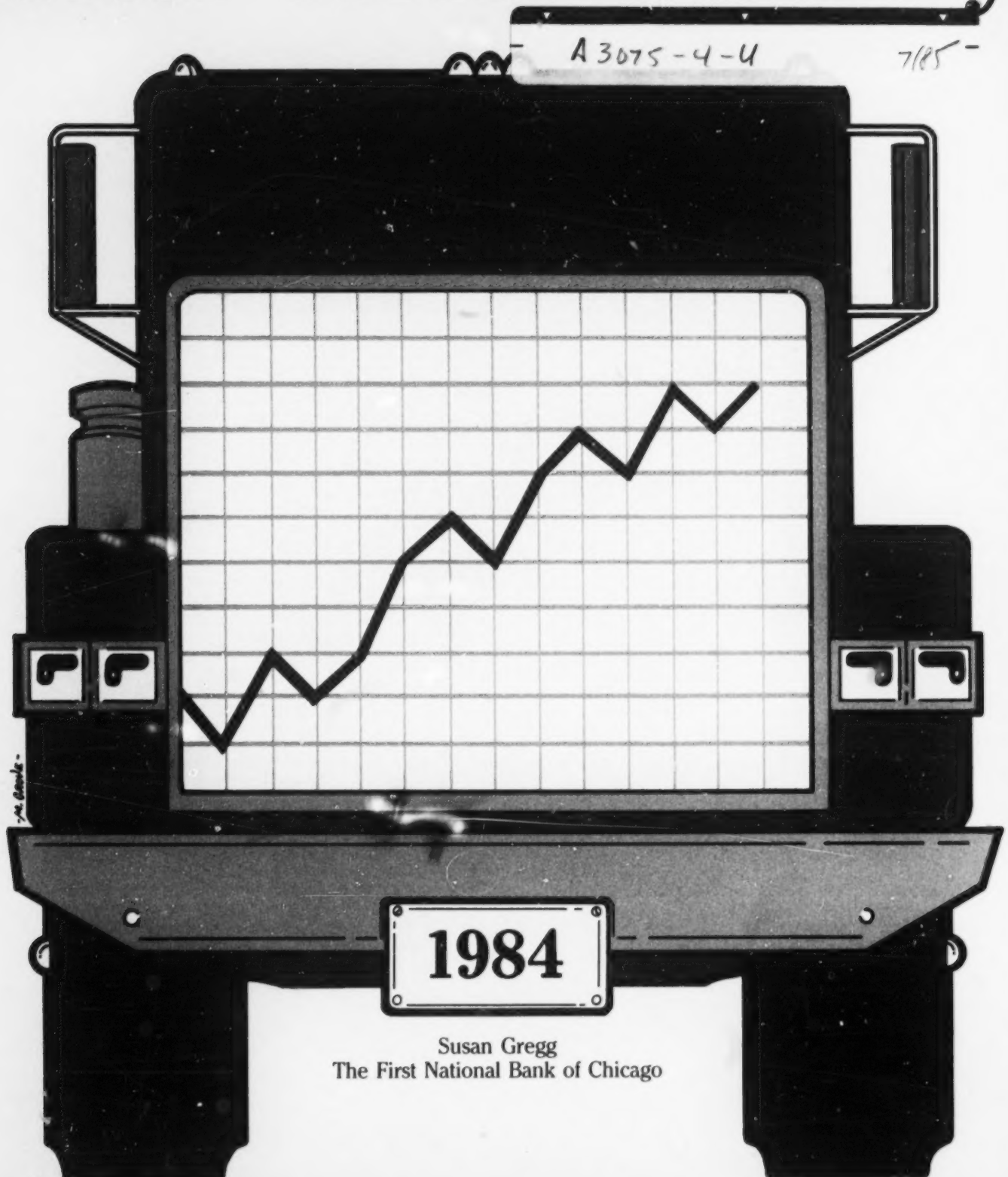


Financial Analysis OF THE Motor Carrier Industry



FINANCIAL ANALYSIS OF THE MOTOR CARRIER INDUSTRY

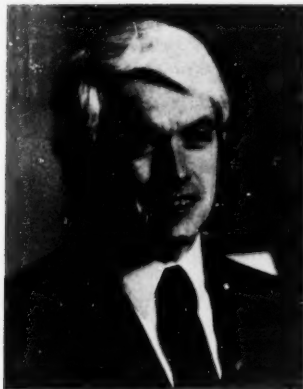
1984

Susan Gregg
First National Bank
of Chicago

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A MESSAGE FROM ATA



Thomas J. Donohue

I am pleased to introduce this edition of the Financial Analysis of the Motor Carrier Industry. Like the industry itself, and ATA, this volume has gone through a restructuring that I think makes it stronger and more valuable than before. For the first time, the report includes quarterly data from the most recent year (1984) as well as the traditional comparison of the prior two years (1983 vs. 1982). It also contains a new "summary scorecard."

Useful features from past editions that have been retained include: an economic and industry overview; a detailed rundown of financial data by size of carrier, region of domicile, length of haul, and type of goods carried; and background material on industry structure and terminology. This volume covers 1983 annual data compared

to 1982, along with 1984 quarterly results. The 1985 Financial Analysis, to be issued in October 1985, will present final 1984 data and partial 1985 information.

This report draws on quarterly and annual filings to the Interstate Commerce Commission by all regulated motor carriers with revenues in excess of \$1 million. It contains results for both general freight and special commodity carriers. While not directly covering private carriers, or intrastate and other non-regulated for-hire firms, the statistics presented here provide essential financial characteristics common to all types of trucking operations.

I hope the perspectives provided by this Analysis on the regulated segment of the trucking industry will prove useful to a wide variety of

people: executives of trucking companies, large and small; operating and financial departments for other firms that have truck fleets; bank officers; people in the investment industry; and regulators and other government officials.

I want to compliment Susan Gregg of the First National Bank of Chicago and the Statistical Analysis Department of ATA for putting together a very useful volume. I also want to invite you, the reader, to let us at ATA know how we can continue to improve this work to serve you better.

Thomas J. Donohue
President and Chief
Executive Officer
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ABOUT THE AUTHOR



Susan Gregg

The Author

This 1984 *Financial Analysis* was authored by Susan Gregg, an Assistant Vice President with The First National Bank of Chicago's Transportation Division. Ms. Gregg has been actively involved in lending to the motor carrier industry since she joined First Chicago in 1979. She received a Masters of Business Administration from the University of Texas at Austin.

Acknowledgments

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In addition, the author would like to thank Evelina Tainer, of First Chicago's Economics Department, for her help in analyzing the economic environment in which the industry has operated. Thank you is also extended to Ray Rusnak, Vice President of First Chicago, for his contribution to this report.

The information contained in this report is believed to be accurate; however, First Chicago is not responsible for any errors contained herein.

First Chicago welcomes your comments and inquiries.

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THE ECONOMIC OUTLOOK

The following is a review of the 1983 financial results for the motor carrier industry. This review will also include a discussion of the economic and legislative factors which have impacted the industry over the past two years.

The Economic Outlook

Like all industries, the motor carrier industry is part of the macroeconomy and its behavior is dependent on the state of the economy. In the past several of years the economy has gone through a recession and entered the recovery phase of the business cycle. A review of the macroeconomy would be helpful in understanding the behavior of the motor carrier industry over the past few years.

The U.S. economy entered a recession in 1981 that lasted until the end of 1982. The U.S. recovery beginning December 1982 has proven to be one of the strongest in the post-war period. After falling 1.9% in 1982, real GNP rose 3.7% in 1983 and a robust 6.8% in 1984. Corporate profits also rebounded sharply in 1983 and 1984 rising 78.9% over the two year period after declining 16.2% in 1982. The civilian unemployment rate peaked at 10.7% in November 1982 and fell steadily through 1983 and 1984 falling to 7.2% by the end of the year. The rapid rise in the unemployment rate during the recession was unprecedented in the post-war period and led many analysts to believe that it would remain high for several years. Yet the drop in the unemployment rate during the first two years of recovery surpassed the average decline of past recoveries.

Similarly, the inflation picture showed more good news, with decelerating growth in inflation each successive year. The Consumer Price Index rose 10.4% in 1981, 6.1% in 1982, and 3.2% in 1983. In 1984, the Consumer Price Index rose 4.2%, somewhat higher than the 1983 pace, but moderate nonetheless for the second year of recovery.

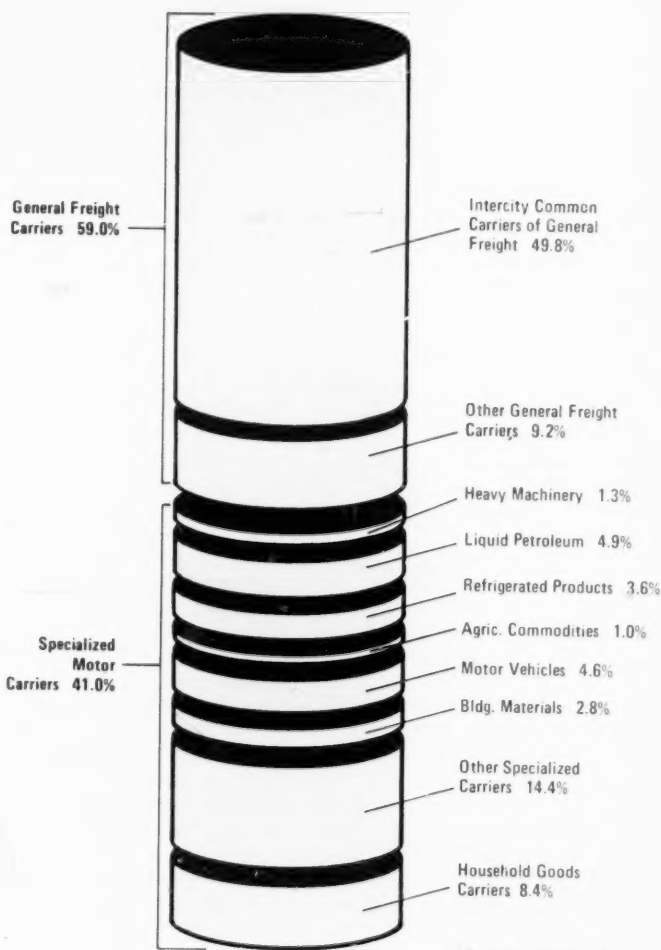
Although the improvement in inflation can partly be attributed to the lack of food and energy price shocks, the brunt of the slowdown can be attributed to the restrictive monetary policy followed by the Federal Reserve in the past several years. Tight monetary policy led to a moderation in inflation, but it also resulted in periods of high and volatile interest rates. Interest rates have been on a roller-coaster ride since the Federal Reserve changed to its current policy of targeting monetary reserves in late 1979. Short-term rates peaked in the first half of 1981, edging down slowly until mid-1983 when rates headed back up, through late 1984, when rates edged down once more.

A restrictive monetary policy was not entirely responsible for rising interest rates. A fairly stimulative fiscal policy which resulted in record-breaking federal deficits in each of the past three years were one of the major forces behind strong credit demand. Moreover, as the economy began to recover in 1983, private credit demands began to strengthen as producers began to increase their capital spending.

Just as interest rates were coming down in late 1982, housing starts, which are highly sensitive to interest rate changes, began their

Figure 1

DISTRIBUTION OF REVENUES BY TYPE OF CARRIER - 1983*



*Excludes revenues of United Parcel Services which totaled \$5.6 billion.

Source: 1983 F&QS Motor Carrier Annual Report

climb. Housing starts recovered quite strongly in 1983, the first year of recovery after a three-year slump. The surge in housing spurred related purchases such as furniture and appliances. Consumer spending on durables expanded strongly in 1983 (12.1%), as is typical for the first year of recovery, after declining 1.0% in 1982, during the recession. Strength in consumer durables continued in 1984 when they posted another 12.9% rise in real (inflation adjusted) terms.

Other interest-sensitive sectors also began to recover in 1983 after dropping off precipitously in 1982. Business fixed investment grew 2.5% in 1983, a small increase compared to other sectors, but strong for the first year of recovery, since it usually tends to lag the recovery in other sectors by a few quarters. Indeed, spending on capital seemed to surge in 1984 when business fixed investment rose 20%.

Typically, unwanted inventories, which are accumulated during a recession while sales demand is dropping, are liquidated in the early stages of recovery. Then as sales demand picks up with the expansion, producers begin to replenish inventory stocks once more. These past couple of years have been typical in that regard, as inventories began to increase in the second half of 1983 after being liquidated in the first half of the year.

The poor state of the overall economic environment did not bode well for the motor carrier industry in 1982. With consumer durables and business fixed investment plummeting in 1982, it was not surprising that the motor carrier industry stagnated. Tonnage of general freight carriers was

down 12% in 1982, the third decline in three years, and total miles fell 10.3%. The drop in tonnage hauled by special commodity carriers was not as steep -- 1.6% and total miles were up 2.2%.

However, the economic recovery which began in 1983 spurred opportunities for growth in the motor carrier industry. Indeed, general freight carriers hauled 6.7% more tons and drove 5.4% more total miles in 1983 than in 1982. Similarly, special commodity freight carriers increased the number of tons hauled by 3.9% in 1983 and drove 7.3% more miles.

Clearly, the motor carrier industry is highly sensitive to the business cycle. The strong U.S. recovery, then, allowed net income (before extraordinary items) to increase 330.3% in 1983 among general freight carriers after declining 58.4% in 1982. Net income in 1983 was \$408 million compared to \$95 million the year earlier. Net income of special commodity carriers, which typically lag the cycle relative to general freight carriers, rose 71.1% in 1983 after decreasing 47.2% in 1982.

The economy continued to recover strongly in the first half of 1984 with real GNP growing at about an 8-1/2% rate, indicating the rapid pace of growth in production. Corporate profits also grew at a healthy clip, recording year-over-year gains of more than 43% in the first half of the year.

By mid-1984, the economy began to show signs of moderation. Industrial production was growing only one-third the pace of the previous months, and housing starts were on a downward trend, falling to the lowest level in two years. Signs of slowdown in sectors

other than housing was also indicated by consumers. Retail sales fell during the summer months.

The prognosis for 1985 is fairly good. Although the economy is expected to continue to grow at a more moderate and sustainable pace, we do not foresee a recession before the end of 1985. Growth should slow down significantly in the consumer and business investment sectors, but even a slowdown leaves room for relatively healthy growth.

Part of the slack in U.S. production will be taken up by imports. The dollar has appreciated considerably over the past two years and is not expected to tumble in the near term. Consequently, the strong dollar has favored imported goods at the expense of U.S. produced goods.

The outlook for inflation is also favorable. A strong dollar and weak wage demands are likely to put downward pressure on price increase. Although the Consumer Price Index may not necessarily moderate further in 1985, it will still be modest compared to the early 1980's.

The outlook for the U.S. economy for 1985 suggests that the motor carrier industry will continue to experience a slow but gradual improvement. With this improvement, many companies will need to replace outdated equipment and the purchase of more product (trailers and tractors) will increase. Since the industry will have had two good years behind it by the beginning of 1985, financing for these equipment acquisitions should be more easily attainable for those companies which have successfully adjusted to deregulation.

Industry Issues

Since the passage of the Motor Carrier Act (MCA) of 1980, the most popular topic of discussion in the trucking world has been deregulation or re-regulation of the industry and its impact on the motor carrier. Unfortunately, deregulation was accompanied by a period of recession in the economy which had devastating results for many trucking companies. Almost 400 major firms and hundreds of smaller ones have closed their doors to business since 1980. Although consolidations and bankruptcies will continue, many think that the major shakeout has occurred already. Despite this fact, many of the issues facing the motor carrier industry today are the same as those that existed in 1981.

Concerning collective ratemaking, nothing has occurred that contradict the provisions of the Motor Carrier Act. The Motor Carrier Ratemaking Study Commission established by the MCA submitted its report in 1983 on antitrust immunity which essentially dealt only with collective ratemaking and recommended, by a controversial vote, the total elimination of collective ratemaking. Per the Act, antitrust immunity for single line collective ratemaking ended on July 1, 1984. The passing of this date was not too significant, however, because in reality it did not cause any new change. The rate bureaus are still in existence and collective ratemaking for joint line rates, for general increases on all rates and for national commodity classifications remains in effect. Most importantly, many companies have been acting independently for years now publishing their

prices in bureau tariffs or their own tariffs. Although the bureaus continue to monitor costs and based on known increases publish general rate adjustments, more and more companies are determining truckload pricing based on the underlying cost structure for individual moves.

In 1982, Congress passed the Surface Transportation Assistance Act (STAA), which, in exchange for paying larger highway taxes, was supposed to increase motor carrier productivity through the establishment of a uniform minimum weight (80,000 pounds gross vehicle weight) and an increase in truck size to 48 feet, 102 inch wide trailers. Probably the most important aspect of the new law for the less-than-truckload carriers was the nationwide ability to use twin trailers. Unfortunately, the wider trailer was greatly restricted to 12 foot-wide lanes and the law, in general, only allowed for reasonable access to terminals, combination breakup areas and food and fuel.

In practice, the problem with the new minimums was that all lanes are not 12 feet wide and access to pick up and delivery areas was limited. For this reason, many carriers postponed purchasing the more productive equipment because the ability to use it was limited. This problem should be alleviated somewhat by the recently passed Tandem Truck Safety

Act. This act will help to actualize some of the planned productivity of the STAA. The new law allows for 102 inch wide trailers on any size lane as long as it is within safety constraints. Furthermore, it specifically permits the pick-up and delivery (at the shipper) by a single pup (one 28-ft. twin trailer). The one disappointment is that reference was made only to pups and excluded 48 ft. trailers. It may be arguable that the section of STAA which addresses reasonable access to terminals could be interpreted as referring to the terminal of the shipper, thus allowing easier access by all trailers. This remains an open issue.

Another major concern to the motor carrier industry over the last few years has been the Multiemployer Pension Plan Amendments Act of 1980 (MPPAA). If a carrier liquidates or sells, it is likely to receive an assessment or "withdrawal liability" for the unfunded vested liabilities in connection with its pension funds. This act has been contested and held to be constitutional, but not retroactive, so if a company withdrew from a pension plan prior to September 1980, there will be no liability.

For existing companies, MPPAA creates many problems. It has forced many companies to stay in business even though it may be uneconomical to do so. The industry has tried to negoti-

ate an exemption similar to the ones provided the construction and entertainment industries, but thus far has been unsuccessful. The calculation of the amount of the withdrawal liability is subject to dispute and most companies that have been assessed were in court contesting this calculation. Some companies now show an estimate of their unfunded liability as a footnote to their financial statements but others feel it would be too inaccurate. Another concern is that new trucking companies are hesitant to join multiemployer plans because of this liability, thus the funding problem is likely to become worse. A solution to this problem is definitely needed but one is not on the horizon. Recently, the court action has been dropped in lieu of seeking legislative relief.

Banking the Industry

Before the passage of the MCA, a motor carrier reported an intangible on its balance sheet called operating rights which gave it the right to operate in a specific area among a limited number of competitors. Bankers assigned a value to these rights in lending to the motor carrier industry. Furthermore, this ability of a motor carrier to operate within a sphere of limited competition simplified the banker's analysis. Since deregulation and MPPAA, lending to trucking companies has become a more

entailed process. Compared with other industries, it is fairly levered and has been going through a cyclical downturn. Operating in a more competitive environment has forced companies to concentrate more on marketing and it has caused the need for sophisticated computer systems. Overall, it has been a challenge to most companies and has required strong management. All of these factors provide additional dimensions for a lender to evaluate in extending credit to a motor carrier.

Another large concern in dealing with trucking companies is the contingent liability created by MPPAA. For this reason, banks prefer to make secured loans to motor carriers since as a secured creditor, the bank comes before the pension fund in a bankruptcy. Many loans are totally unsecured, however, or have a "call for collateral" which provides the bank the ability to secure itself under certain conditions. Although MPPAA is one more consideration to take into account in structuring a loan, it should not cause a bank to shy away from the motor carrier industry.

In summary, the way banks view lending to motor carriers has changed and will probably continue to be an evolving process but as long as trucking firms need financing there will no doubt be ample financial institutions willing to commit to lending to the industry.

THE STRUCTURE OF THE MOTOR CARRIER INDUSTRY

The motor carrier industry may be conveniently divided into two major classifications, Private and For-Hire.

Private Carriers consist of the trucking operations of manufacturers, wholesalers, merchants, and other shippers for transporting their own goods by means of equipment which they themselves own or lease. If their principal business is not transportation services, they qualify as private carriers. Those firms which meet the criteria which define private carriers are not subject to Interstate Commerce Commission regulation. Restrictions on their operation's however, have been liberalized since the Motor Carrier Act of 1980 in terms on Intercompany Hauling Authorities and for hire back-haul services.

For-Hire Carriers transport freight which belongs to others. They may be classified by jurisdiction served such as interstate, intrastate, and local, the last two classes being regulated by local or state authorities, or exempt from regulation. They may also be classified by kind such as Common Carriers, Contract Carriers and Exempt Carriers. **I. Common Carriers** by definition offer their services to any shipper to transport his goods between designated points at published rates under authority granted them by the ICC under a certificate of public convenience and necessity. This certificate spells out both the types of commodities which may be carried and the service routes, whether irregular route service between areas on a non-scheduled basis or

regular route service over designated roads on a scheduled basis. The ICC must also approve the tariffs established for various classes of freight by the numerous regional rate bureaus. In general, any service which is not specified by the terms of an operating certificate is forbidden.

II. Contract Carriers, as the name implies, were restricted through 1979 to serving one or a few shippers under specific contractual arrangements and could not, unlike the Common Carriers, offer their services to the public-at-large.

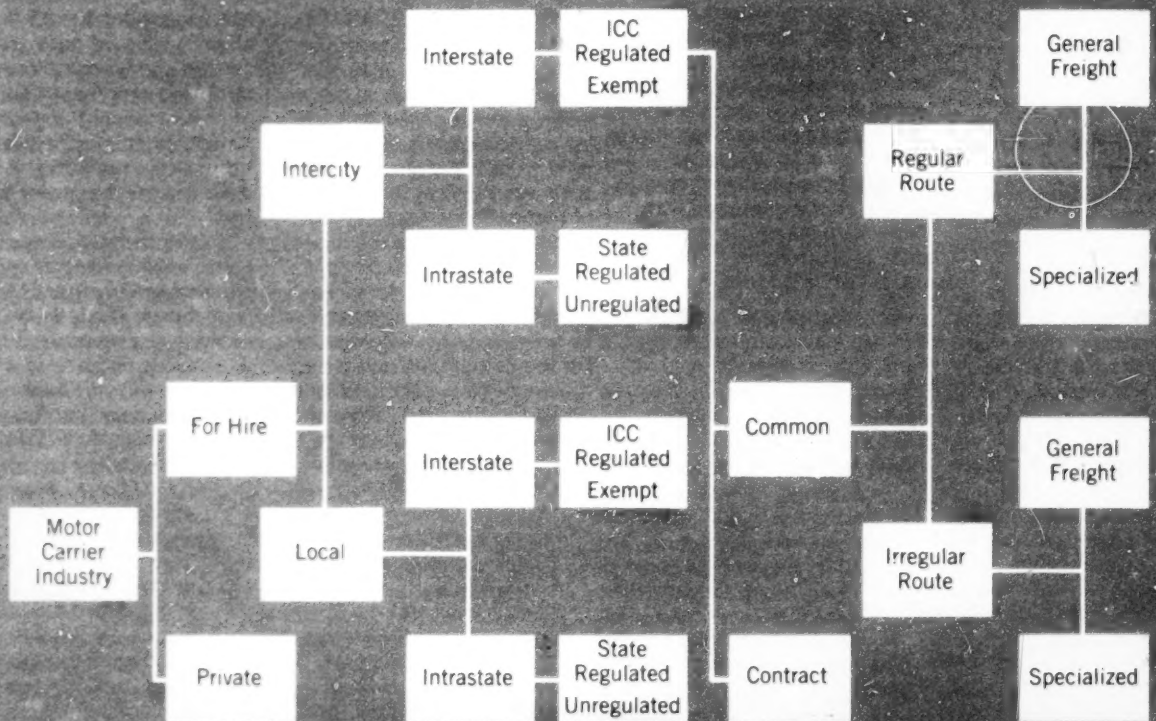
Owing to the non-public nature of these carriers, the rates which they may charge differ from the tariff structure governing Common Carriers. Operating authorities which

specify areas to be served and commodities to be carried must be obtained from the ICC. The Motor Carrier Act of 1980 substantially equalized the rules for contract carriers.

II. Exempt Carriers transport certain specialized goods, such as unprocessed agricultural products, livestock, newspapers, and are exempt from ICC regulations about routes, areas and rates.

Note: Motor carriers authorized and regulated by the Interstate Commerce Commission are categorized in three classes according to revenue size. Effective in 1980, Class I are carriers having annual revenues over \$5 million, Class II having revenues between \$1 to \$5 million, and Class III having revenues less than \$1 million.

Legal Structure of the Motor Carrier Industry



SOURCE: The Economics of the Motor Freight Industries, Garland Chow, Bloomington, Indiana School of Business, Indiana University 1976, p. 9.

ICC Geographic Regions



1 New England
2 Middle Atlantic
3 Central

4 Southern
5 Northwestern
6 Middlewestern

7 Southwestern
8 Rocky Mountain
9 Pacific

SCOPE OF THE ANALYSIS

The 1984 Analysis focuses on 1,856 Class I and II ICC regulated for-hire motor carriers of which 684 are general freight common carriers and 1,172 are common and contract carriers of specialized commodities. These companies do not constitute the total number of ICC Class I and II firms but include those for which consistent and uniform financial and operating data have been obtained for both 1982 and 1983. Total 1983 revenues for all ICC regulated motor carriers - Class I, II, III - were estimated at \$46.5 billion. The carriers in this Analysis generated \$30.7 billion, or 66% of the total. They are therefore indicative of carrier performance and operating results but may not necessarily represent the industry in total.

Class I and II firms not represented in this Analysis have either been excused from filing results with the ICC or are excluded for reasons such as not filing on

time or because the data was incomplete, inconsistent or inaccurate for either 1982 or 1983. Carrier results are taken directly from the annual reports submitted to the ICC. None of the approximately 24,411 Class III carriers (in 1983) are represented in this profile since Class III carriers are not required to file any financial results with the ICC.

The basic revenue groupings of carriers in the general freight sector were changed in the 1982 Analysis into what is hoped to be more meaningful composites.

Group A covers the smaller-sized general freight carriers, those with revenues less than \$5 million. The 355 carriers in this group are, as in the past, further segregated into the 9 ICC regions based on the domicile of the carriers. Their operating territory may not totally coincide with their region of domicile but, in general, these smaller-sized carriers have more limited territorial

coverage than their larger counterparts.

Group B includes 222 general freight carriers with 1983 revenues of between \$5 and \$25 million. Like carrier Group A, they are further split into the 9 ICC regions of domicile. Their operating territory is broader than that of the Group A carriers, but nonetheless, is regional or perhaps multi-regional in nature.

Group C includes 107 general freight firms with revenues of \$25 million or more. Since these firms operate multiregionally and nationwide, they are subgrouped based on length of haul and then further segregated by revenues. Group C-1 includes carriers with revenues between \$25 and \$100 million. These 77 carriers are, in turn, categorized by length of haul: 250 miles and under and greater than 250 miles. Their larger counterparts in Group C-2 all have 1983 revenues in excess of \$100 million and these 30 firms

are divided into four length of haul categories: 250 miles and under, 251-500 miles, 501-750 miles, and those greater than 750 miles.

These redefined revenue categories for general freight carriers are designed to give a more balanced profile in terms of revenues (or other account totals) and to provide for more in-depth analytical possibilities. In the 1981 Analysis, carriers in Group A plus B, as then defined, generated 6.1% of general freight revenues. As now defined, they have 19.8% of the groups' total. Group C-1 in 1981's Analysis had 4.0% of general freight revenues; the new grouping has 22.0%. In 1983, Group C-2 had 89.9% of revenues whereas now they generate 58.2% of the general freight total.

GROUP D, as in past analyses, represents common and contract carriers of specialized commodities. These firms are subgrouped based on the principal commodity carried.

Income Statement Data

Gross Revenues: Total operating revenues derived from freight transportation services.

Depreciation: Non-cash charges to income for use and obsolescence of carrier operating property and other fixed assets.

Purchased Transportation: The costs of revenue equipment rented from others, including affiliates, with or without hired drivers, as well as the costs of transportation purchased from railroads, airlines and water carriers.

Operating Expenses: Expenses which are directly a function of operations, including depreciation and purchased transportation. Non-carrier expenses and interest charges are not included.

Operating Income: Gross revenue less operating expenses.

Interest Expense: The cost, paid or accrued, of purchased money indebtedness from affiliates or others.

Net Income before Taxes: Income from continuing operations, after interest charges, but before income taxes and extraordinary gains or losses.

Income Taxes-Current: Includes taxes paid to the federal, state, and (if applicable) local government.

Deferred Income Taxes: Taxes arising principally from the difference in handling certain assets, such as tires and tubes, for book and tax purposes. Deferred taxes also includes investment tax credits, if applicable. This account is used in the cash throw equation.

Equity in Earnings of Affiliates: An account used in the cash throw equation. As of Jan. 1, 1977 this account was removed from the "Other Income/Deduction"

account groupings and placed after taxes.

Income before Extraordinary Items: Post-tax ordinary income excludes extraordinary gains and losses. Ratios which are developed from after tax income figures such as net after taxes to equity and to gross revenues are based on post-tax ordinary income in this year's edition.

Extraordinary Items: Includes net gains or losses on unusual items such as the sale of land or securities and typically have minimal impact on net income. Due to the 1980 Motor Carrier Act's regulatory changes trucking firms have written off their operating authorities (intangible property) as an extraordinary charge in their 1980 reports. The tax benefits from these write-offs are reflected in the 1981 reports.

Net Income after Taxes: The sum of post-tax ordinary and extraordinary income.

Balance Sheet Data: Assets

Cash: Cash, temporary investments, and special deposits.

Receivables from Affiliates: Notes and accounts receivable due from affiliated companies.

Notes and Accounts Receivable: Trade receivables (billings to shippers), interline receivables (billings to other carriers), and other receivables.

Prepaid Expenses: Office supplies, taxes, license and other fees, insurance, interest, and warehoused tires and tubes. Under ICC rules, tires and tubes in use may be either expensed at the outset of use or relegated to this accrual category, according to the discretion of management.

Materials and Supplies: These include fuel, spare parts, and unmounted tires

and tubes. Inventories may be expensed when purchased or as they are withdrawn for use.

Other Current Assets: Includes the standard accounting term "other current assets" and deferred income tax charges.

Current Assets: The sum of cash, accounts receivable prepaid expenses, materials and supplies, and other current assets.

Carrier Operating Property (Net): A motor carrier's "inventory," that is, revenue producing fixed assets such as trucks, tractors, trailers, buildings, land, leasehold improvements, and office equipment, as valued at cost, less accumulated depreciation and amortization.

Total Tangible Property: Net carrier operating property plus other net non-carrier operating property. The "other" property account includes items such as land purchased for expansion, or buildings, etc.

Intangible Assets: A combination of (a) the carrying values of operating authorities ("Rights") from the ICC and state regulatory bodies and (b) goodwill, principally from acquisitions of other companies and their properties, being the excess of cost over the net book value of the assets acquired. As a result of the Motor Carrier Act of 1980, the value of these assets has been virtually eliminated.

Other Assets: Investments in and advances to affiliated companies; deferred and miscellaneous debits.

Liabilities and Equity

Payables to Affiliates: Notes and accounts payable to affiliated companies.

Notes Payable: Short-term debt used for cyclical working

capital purposes, such as license fees and insurance premiums. The current portion of funded (long-term debt) does not fall into this category.

Accounts Payable: Operational trade payables.

Miscellaneous Payables and Accruals: Unpaid salaries and benefits, including health, welfare and withholding taxes, accrued dividends and other miscellaneous accounts.

Taxes Payable: Miscellaneous taxes due or accrued, such as income, real estate and highway use, but not deferred income taxes.

Current Portion of Funded Debt: The amount of funded debt due within one year. Under ICC accounting practices, this is now considered a current liability.

Other Current Liabilities: Includes the current portion of advances payable, estimated accrued liabilities, other liabilities and deferred tax credits.

Current Liabilities: The sum of notes payable, accounts payable, miscellaneous payables and accruals, taxes payable, the current portion of funded debt and other current liabilities.

Advances Payable: Contains the non-current portion of advances payable, both to affiliated companies and other business enterprises.

Funded Debt: Secured or unsecured purchased money indebtedness taken for a term greater than one year and used primarily for revenue equipment and real estate purchases.

Total Long-Term Debt: The sum of long-term funded debt (excluding current maturities) and long-term advances payable.

Total Funded Debt: The total purchased money indebtedness of a company including long-term funded debt and

the current portion of that debt. Long-term advances payable are not included here.

Reserves and Estimated Liabilities: Reserves covering cargo loss, damage and self-insurance programs.

Accumulated Deferred Tax

Credits: Deferred income taxes resulting from the difference between book and tax treatment of depreciation.

Total Liabilities: The sum of current liabilities, total long-term debt, and reserves and estimated liabilities.

Stockholder's Equity: The equity in the assets held by proprietors, partnerships, and stockholders; comprises all classes of capital stock, capital surplus, and retained earnings, net of treasury stock.

Total Capital: Total long-term debt (funded debt due after one year and non-current advances payable) plus stockholder's equity.

Analytical Data: Profitability

Gross Revenues to Equity:

One of several measures suggesting the degree of efficiency in employment of capital.

After-Tax Income to Equity:

This ratio, return on shareholder's equity, indicates how well the owner's investment dollars are used.

Gross Revenues to Carrier Operating Property (Net) and (at Cost): These measures tell how much revenue is produced by each dollar of operating equipment and are another index of management's efficiency. They are best applied to year-to-year comparisons of the same or very similar carriers; the amount of purchased transportation employed can otherwise affect the validity of comparisons.

Gross Revenues to Total Capital and Pre-Tax Income to Total Capital:

Two additional operating ratios which measure the turn-over of total capital on revenues and pre-tax income.

Pre-Tax and After-Tax Income to Gross Revenues:

Well-known measures of profitability. Since motor carriers typically show low margins on high volumes, even slight changes in these ratios may indicate significant trends.

Return on Transportation Investment: Net carrier operating income divided by carrier operating property (net) plus working capital expressed as a percent.

Expense Ratio: Total Operating expenses plus interest expenses as a percentage of gross revenues. Unlike the operating ratio, the expense ratio also takes into account the cost of debt.

Operating Ratio: Operating expenses as a percentage of gross revenues. This is an important index of operating efficiency. Since it excludes extraordinary expenses, income taxes and interest, individual peculiarities are eliminated so that the ratio may be used as a measure of performance industry-wide.

Liquidity

Cash Throw: Net income after taxes plus depreciation, as defined, plus deferred income taxes accrued during the reporting period minus equity in the earnings of affiliated companies.

When mention is made of cash throw debt coverage, it is recognized that normal operations preclude such pay-offs as cash throw is used for numerous purposes other than debt retirement. The time period coverage is offered as one measure of

liquidity and should be evaluated relative to cash throw coverage of the other carrier groups.

Working Capital: Current assets less current liabilities.

Current Ratio: The ratio of current assets to current liabilities, both as previously defined. The working capital requirements of motor carriers are not comparable with those of other industries since inventories are relatively minor and receivables turn over relatively quickly.

Days of Cash Expenses in Working Capital:

To compute, (a) subtract depreciation and the gain (loss) from disposition of operating assets from operating expenses to get cash operating expenses; (b) divide cash operating expenses by 365; (c) divide the result into working capital. This ratio measures the ability of the carrier to meet daily operating expenses from working capital. To service debt, it is cash throw from ongoing operations, not a diminution of current assets, which is relevant, and, therefore, the day's cash ratio is a better indicator of operational viability than the current ratio.

Average Days Collection Period:

Notes and accounts receivable times 365 divided by gross revenues. This ratio is helpful in analyzing the collectibility of receivables. When comparing the collection period of one firm or industry with that of another allowances should be made for possible variations in selling terms. Note that the collection period ratio shown herein, relating revenues to receivables, does not specifically address the collection procedure of motor carrier groups, however, it is indicative of relative turnover of receivables.

Leverage & Debt Service

Funded Debt to Equity: The ratio of total funded debt, including current maturities, to shareholders' equity. If current operations can be adequately funded from working capital, this ratio reveals the degree of protection afforded to long-term lenders.

Net Debt to Equity: Funded debt due after one year less working capital, divided by stockholders' equity. A more sharply-honed version of the preceding ratio, since it does not include working capital, which ought to be sufficient to cover current operations.

Funded Debt to Tangible Net Worth: Total funded debt divided by stockholders' equity less intangibles. This ratio is another "fine-tuned" version of the debt to equity ratio in that intangibles are eliminated from stockholders' equity.

Cash Throw to Debt Due in One Year: Cash throw divided by current portion of funded debt. This ratio, which indicates the ability to service the current portion of long-term debt principal, is useful for analyzing smaller carriers which finance equipment purchases on an installment contract basis. Since revolving credit arrangements do not provide for current maturities, the ratio will be misleading when applied to carriers using revolvers. An axiom of lenders is that carriers should be able to cover current debt maturities through depreciation alone.

Cash Throw to Total Funded Debt: This index reveals the proportion of total funded debt that could be repaid in one year if all cash throw were directed to that end. As such, it yields a better measure of the ability of carriers who use equipment revolvers

to service their debt than does the preceding ratio. The reciprocal of this ratio is the number of years required to repay debt completely, and it may usefully be compared with the average remaining life of carrier operating property.

Interest to Total Funded

Debt: This index shows the percentage interest payments represent of total funded debt.

Net Carrier Operating Property to Net Worth: As a measure of owners' equity in operating property, this ratio points to the relative adequacy of capitalization as well as to efficient use of capital.

Additional Ratios

Receivables to Payables:

Notes and accounts receivable divided by notes payable plus accounts payable.

Depreciation to Debt Due in "One" Year: Depreciation di-

vided by funded debt due in "one" year.

Total Tangible Property to

Equity: Total tangible property divided by stockholders equity.

Income before Extraordinary Items to Equity, Percent: Net income after taxes, but before extraordinary and prior period items divided by stockholders equity times 100.

Gross Revenues to Total Tangible Property: Gross revenues divided by total tangible property.

Productivity

Total Payroll to Revenues:

This ratio suggests the degree of efficiency with which labor is employed. The ability to control payroll expenses will vary, of course, between different kinds of carriers and the ratio should be used with caution when comparing carriers of unlike kind.

Total Payroll (WPT) to Revenues:

The ratio of total payroll (including purchased transportation) to revenues is a refinement of the preceding ratio. It too reveals efficiency in the use of personnel resources; it is more meaningful than the ratio of total payroll to revenues for analyzing those carriers, such as Group D carriers, which rely heavily upon purchased transportation.

Cargo Handler Compensation

to Revenues: Cargo handler compensation comprises one of the main components of total payroll, especially for general freight carriers. Thus, this ratio focuses upon one aspect of personnel costs.

Linehaul Expenses to Revenues:

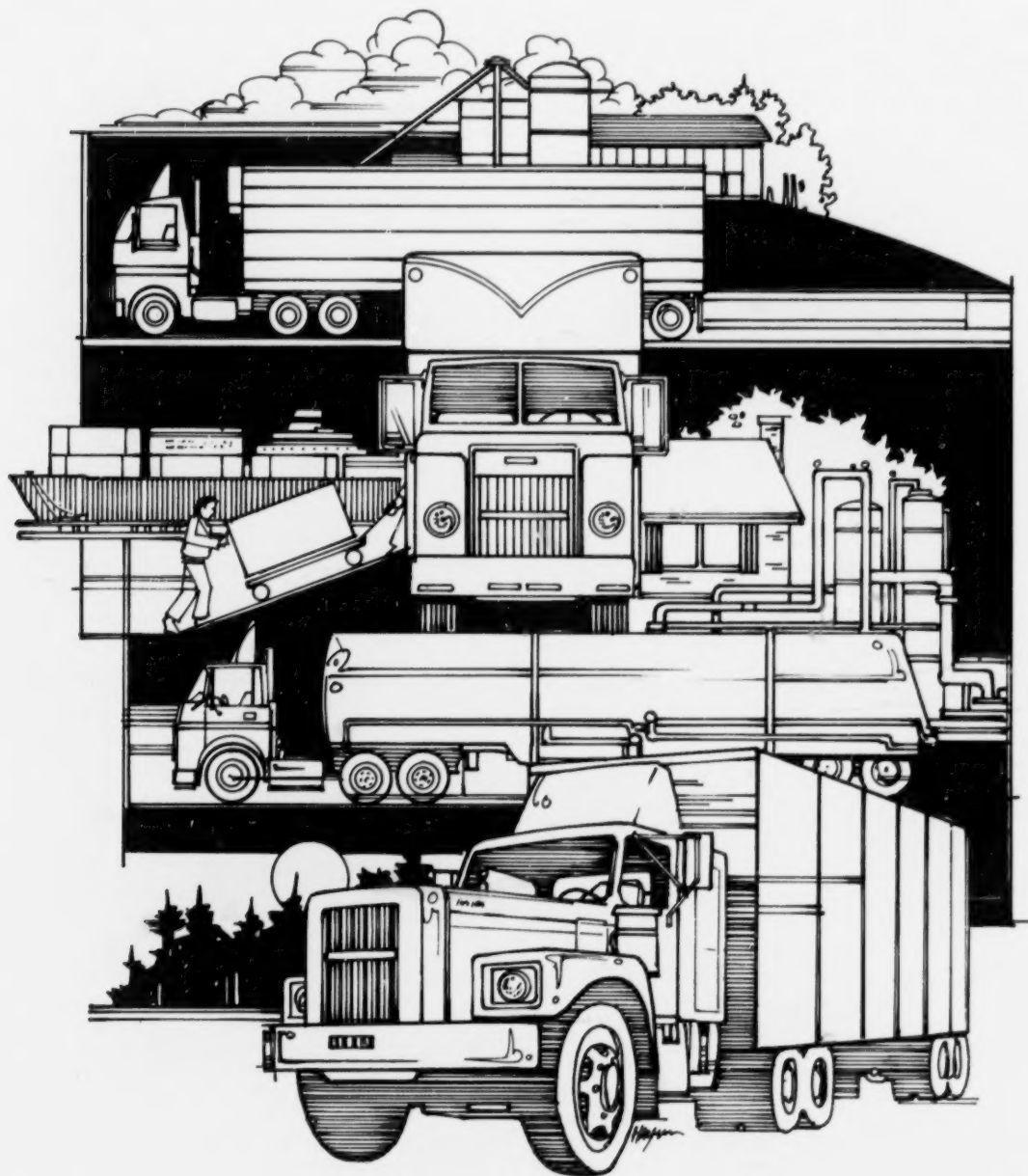
The linehaul expense category aggregates the allocation of various operating expenses. The ratio thus gives yet another handle on operating productivity.

Average Load: An index of the utilization of productive capacity, derived from the ton-mile figures compiled by carriers. Ton-miles are perhaps the most troublesome statistic for motor carriers to generate, but should reflect a summation of the number of truck movements made during any period, with the relevant data for each truck movement being the tons handled multiplied by the mileage of the movement.

Total Tons: Total tons reflects a combination of tons handled in truckload and less-than-truckload amounts as well as tonnage from common and contract carrier intercity service.

Total Miles: Total miles reflects intercity miles with owned vehicles and intercity miles with vehicles rented with and without driver as well as driveaway miles operated in intercity service.

CARRIER GROUP ANALYSES



COMPOSITE CARRIER GROUPS A, B, C & D

Overview

The regulated motor carrier industry, as represented by the 1,856 general freight and specialized motor carriers in this 1984/83 Financial Analysis, exhibited a significant rebound in both business levels and profitability from the depressed conditions of 1982. The industry, to be sure, is not "out of the woods", but it has achieved not only operating gains but a sounder posture in its balance sheet position. The improvements, by and large, stem from the resumption of growth in the economy, since deregulation, and the freedoms it encompasses, continue to exhibit negative pressures on the majority of firms in the industry. The sheer increase in competition means less freight per company, and rate discounting diminishes the yield per ton (or shipment) handled or per mile travelled. This is all the more acute since expenses are escalating in the industry, stemming from increases in highway use and fuel taxes, costs for communications, and cost increases stemming from the transition to a deregulated environment, including increased sales and marketing expenses, advertising, tariff development and costs from opening facilities in new territories. These expenditures may produce net future benefits but in present terms they represent outlays against a discounted level of revenues.

Earnings for all carriers in this analysis, general freight and specialized, totalled \$717 million on a revenue base of \$30.7 billion in 1983, producing a net after tax profit margin of 2.34 percent. This is greatly improved from 1982 in which profits of \$259.97 million on a revenue level of \$28.5 billion resulted

in a 0.91 percent profit margin. Note that this financial analysis includes the results of the United Parcel Service companies, the small shipment specialists.

However, while profits and margins were greatly improved in 1983, the adequacy of profits remains inferior to industry norms. Historical profit margins centered around 3 percent. The recent growth in earnings is encouraging. If profit growth above 1983 levels cannot be achieved, then a high degree of industry dislocations will continue to occur.

A comparison of individual carrier profit performance from 1982 to 1983 confirms this point. Of the 1,856 firms, 463, or 25 percent, operated with losses in 1983. Over a third of these companies (159) had generated profits in 1982. Of the 75 percent of the firms with 1983 profits, 27 percent (381 of 1,393) had lower profits in 1983 than in 1982. On the positive side, 356 carriers achieved profitable operations in 1983 against losses in 1982 and 656 carriers improved upon their 1982 level of profits. Thus, whether a company considered 1983 an improvement over 1982 depends upon where it fits among its peers.

To provide further perspective of current conditions, total revenues of all carriers in this analysis increased 7.6 percent from 1982 to 1983. Nevertheless, 705 carriers (38 percent) reported lower 1983 revenues than in 1982. Total assets grew 8.5 percent, but for 646 firms (34.8 percent), the level of assets declined. Vehicle mileage increased 6.4 percent overall, but declined for 682 carriers (36.8 percent) and tonnage growth (4.7 percent for all firms) was

not achieved by 666 (35.9 percent) companies. On the other hand, 1983 marked improved conditions, generally, for essentially two out of every three carriers.

The following sections will provide analysis of performance and posture within the various carrier groups. Here, the groups themselves will be compared and contrasted as represented by their respective totals. Note that the measures discussed apply to the specific carriers included in the analysis and may differ slightly from other industry aggregates based on a different make-up of firms. Amounts can be found in the "Total" columns from the detailed data tables located within this analysis and changes derived from the data. For convenience of presentation here, all General Freight Carriers represent the composite carriers in Combined Group A, B & C; Small General Freight are

Group A; Medium General Freight are Group B; Large General Freight are Group C; and Specialized Carriers are Group D.

Business Levels

Although specialized carriers achieved a greater increase in vehicle mileage in 1983 from 1982, 7.3 percent compared to 5.4 percent, general freight carriers had higher growth in tonnage and revenues. Among general freight groups, tonnage growth was reasonably similar while changes in mileage and revenues were not. The small general freight carriers were not able to translate the business pickup into virtually any revenue growth. Medium size carriers were better off, but exhibited similar characteristics. The large general freight carriers, on the other hand, improved their per mile and per ton yield. (Chart 1)

CHART 1

	Percent Change, 1983 vs. 1982, in:		
	Revenues	Tonnage	Mileage
General Freight			
Small	0.3%	5.9%	2.2%
Medium	7.6	8.1	8.8
Large	9.6	6.3	4.9
All General Freight	8.8	6.7	5.4
Specialized Carriers	6.1%	3.9%	7.3%

Profitability

The profitability of the various carrier groups is indicated on Charts 2, 3 & 4. For all groups, revenues improved favorably in 1983 compared to expenses, leading to improvements in both operating profits and net profits. (Chart 2) Note, though, the change in profitability in relation to the

margin achieved. The lesser relative growth of specialized carriers is associated with a higher earning level in 1982. The large percentage gain by general freight carriers was from an extremely low 1982 base. Also, note among general freight carriers, the larger the carrier, the better its relative profitability in both 1983 and 1982. (Chart 3)

CHART 2

	Percent Change, 1983 vs. 1982 in:			
	Revenues	Expenses	Operating Profits	Net Profits
General Freight				
Small	0.3%	(1.4)%	287.0%	N.A. ^{1/}
Medium	7.6	5.8	124.9	19.2%
Large	9.6	6.3	199.9	315.6
All General Freight	8.8	5.8	191.1	375.0
Specialized Carriers	6.1%	5.1%	48.5%	72.5%

^{1/} changed from net loss in 1982 to profits in 1983

CHART 3

	Operating Ratio		Net Profit Margin	
	1983	1982	1983	1982
General Freight				
Small	97.78	100.74	1.77	(0.07)
Medium	96.77	98.45	1.84	0.50
Large	95.35	98.30	2.53	0.67
All General Freight	95.68	98.39	2.39	0.60
Specialized Carriers	96.76	97.68	2.12	1.31

Tying profitability to the balance sheet, (Chart 4) the following table shows return on equity and return on transportation investment for the carrier groups for 1982 and 1983. Return on equity is almost identical for specialized and general freight carriers in 1983 although general

freight carriers had a much lower ROE in 1982. Return on transportation investment is higher for general freight carriers, which reflects their relatively better operating income. As with other profit measures, the larger the general freight carrier, the better its profitability, especially in 1983.

CHART 4

	Return on Equity		Return on Trpnt Invest.	
	1983	1982	1983	1982
General Freight				
Small	8.39	(0.35)	9.87	2.69
Medium	10.37	2.81	16.33	7.83
Large	12.10	3.24	17.67	5.95
All General Freight	11.68	2.98	17.15	6.00
Specialized Carriers	11.98	7.50	14.79	10.69

Liquidity and Leverage

• Liquidity

Liquidity, based on income generated and relationships within current assets and current liabilities, improved across the spectrum of carrier groups. (Chart 5) Cash throw increased by over 40 percent for general freight carriers, small as well as large firms, and by almost 23 percent for specialized carriers. Working capital, the dollar difference between current assets and current liabilities, also improved favorably, moreso for smaller general freight carriers than other firms. The working capital increase improved the carriers' ability to cover cash operating expenses and produced gains in the current ratio. (Chart 6) Carrier li-

quidity, in fact, appears to be in the best shape the industry has seen in many years.

• Leverage

Industry leverage also improved in an overall sense although changes in debt levels were mixed. For general freight and specialized carriers in total, relative debt levels fell and interest outlays decreased. (Chart 7)

Specialized carriers added debt, but the 1.1 percent increase is much less than overall asset growth. Large general freight carriers decreased absolute debt levels but their small and medium size counterparts experienced absolute and relative increases. Nevertheless, all groups experienced a decrease in interest outlays which contributed to the improved bottom line in 1983.

CHART 5

	Cash Throw		Working Capital	
	1983 Mil \$	% Change from 1982	1983 Mil \$	% Change from 1982
General Freight				
Small	\$ 52.43	43.7%	\$ 49.01	25.2%
Medium	127.62	44.0	128.43	16.6
Large	856.63	41.8	657.92	14.5
All General Freight	1,036.68	42.1	835.36	15.4
Specialized Carriers	\$ 831.73	22.8%	\$602.86	18.7%

CHART 6

	Current Ratio		Days Cash Operating Expenses in working Cap.	
	1983	1982	1983	1982
General Freight				
Small	1.35	1.30	21.28	16.76
Medium	1.37	1.35	20.13	18.28
Large	1.36	1.36	19.09	17.76
All General Freight	1.36	1.35	19.36	17.78
Specialized Carriers	1.32	1.31	17.34	15.36

CHART 7

	Percent Changes, 1983 VS. 1982, in:		
	Interest Expenses	Funded Debt	Total Assets
General Freight			
Small	(17.4)%	7.3%	5.4%
Medium	(5.6)	10.0	8.4
Large	(10.1)	(8.2)	8.1
All General Freight	(10.0)	(4.7)	8.0
Specialized Carriers	(11.8)%	1.1%	9.3%

In ratio terms, debt levels either improved or remained reasonably in line. (Chart 8) Debt to equity was highest for specialized carriers, but an improvement over 1982. The best posture and improvement was registered by large general freight carriers though. Although funded debt to equity increased for small and medium size general freight firms, the increase was modest.

Looking at net debt to equity, which takes into account net working capital, leverage levels showed sound improvement in 1983. The strong working capital position of the medium size general freight carriers is reflected in a negative ratio. The position of other groups

are similar with specialized carriers showing the highest debt level by this ratio also.

Cash throw to funded debt indicates debt coverage from earnings and non-cash expenses (depreciation). A ratio of 100 means that a company could hypothetically pay off all funded debt in one year if all cash throw were used exclusively for this purpose. A 50 ratio means it would take two years. In 1983, cash throw coverage of debt improved strongly for all carrier groups with the large general freight carriers in the best position. (Chart 9) The other groups are in similar shape, with a potential debt payoff at about 1 1/2 years, whereas in 1982, payoff for many groups was closer to two years.

CHART 8

	Funded Debt To Equity		Net Debt To Equity	
	1983	1982	1983	1982
General Freight				
Small	0.41	0.40	0.06	0.09
Medium	0.39	0.38	(0.01)	(0.01)
Large	0.30	0.36	0.02	0.08
All General Freight	0.31	0.36	0.02	0.09
Specialized Carriers	0.48	0.51	0.10	0.14

Interest expenses as a percentage of funded debt also improved for each of the groups, reflecting both lower interest rates and debt reductions. Both large general freight carriers and specialized firms had the highest interest expense at over 14 percent of debt. Interest expense as a percent of revenues and net carrier operating income, indicative of the interest "burden," improved in 1983. Interest expenses consumed 0.9 percent of revenues for general freight carriers, down from 1.1 percent of revenues in 1982. For

specialized carriers, interest expenses took a higher 1.2 percent of revenue in 1983. (Chart 10) Compared to operating income available to pay for interest expense, twenty percent of general freight carriers operating income went to interest, down appreciably from 67 percent in 1982. The specialized carriers also showed improvement but, in 1983, 37 percent of operating income goes for interest. Among general freight carriers, note the heavier burden for smaller sized firms.

CHART 9

	Cash Throw To Funded Debt		Interest To Funded Debt	
	1983	1982	1983	1982
General Freight				
Small	67.19	50.17	12.39	16.11
Medium	74.00	56.55	13.25	15.44
Large	101.15	65.56	14.17	14.49
All General Freight	94.47	63.36	13.90	14.72
Specialized Carriers	72.49	59.67	14.28	16.37

CHART 10

	Interest Expense as Percent of: Revenues		Net carrier Oper. Income	
	1983	1982	1983	1982
General Freight				
Small	1.1%	1.3%	48.9%	129.2%
Medium	0.9	1.0	28.5	67.9
Large	0.9	1.1	18.8	62.8
All General Freight	0.9	1.1	20.7	66.9
Specialized Carriers	1.2%	1.4%	37.1%	62.4%

The favorable changes in leverage, however, must be qualified. Industry purchases of new equipment were severely curtailed over the last few years and while 1983 purchases were higher than in 1982, they fell far short of peak sales. There were 85,653 units over 33,000

pounds sold in 1983 compared to 77,186 in 1982, but in 1979 the number sold was 192,889. This translates, in short, to an aging fleet, especially in the period under study. Data from the carrier groups confirms this, by viewing the carrier operating property accounts. (Chart 11)

CHART 11

	Carrier Operating Property Percent depreciated		% Ch 1983 vs 1982, in Oper. Prop. Deprec. at cost Reserve	
	1983	1982		
General Freight				
Small	61.5%	60.5%	3.0%	4.7%
Medium	56.4	56.2	5.6	5.9
Large	50.6	47.9	3.6	9.3
All General Freight	51.9	49.6	3.8	8.6
Specialized Carriers	54.9%	53.6%	7.9%	10.5%

Carrier operating property, which was significantly depreciated in 1982 -- half for general freight carriers in total and more than half for specialized carriers -- was further depreciated in 1983. From 1982 to 1983 there was a greater increase in depreciation reserve than additions to operating property for all groups. The small general freight carriers have the "oldest" fleet by this measure, with medium carriers' fleet almost as "old". Since much equipment is at the end of its depreciable life and some at the end of useful life, a significant amount of replacement (and additions) is eminent -- and has in fact occurred in 1984. Debt levels will rise as financing is obtained (since depressed profits have largely curtailed financing out of retained earnings), and interest outlays will rise correspondingly. On the favorable side, interest rates are generally affordable, certainly nowhere near the 20 plus point rates during the height of the recession, and are expected to remain favorable for the near term.

At the same time, alternatives to purchasing have become quite popular to avoid purchasing outlays, with its attendant debt and interest

expenses. Purchased transportation, consisting mainly of expenses for vehicle rents with and without drivers, has shown an accelerated trend over the last few years. Although levels of these expenditures showed mixed changes in 1983 from 1982, they do indicate a pronounced interest in this equipment use alternative to purchasing. (Chart 12)

In this regard, some traditional measures for evaluating carrier utilization and yield on equipment must be viewed with caution. Comparing revenues to net carrier operating property is one such instance. Note among general freight carriers that the highest dollar per net investment yield is 6.84 for medium size firms, but that they also make the greatest use of purchased transportation. The relationship holds for small and large carriers also. If the traditional measure were valid, one would expect the medium carriers to be the most profitable, the smaller carriers next and the large firms least profitable. This is, however, just almost opposite the actual earnings profile of the groups. Comparison with the specialized carriers is strained in this instance because of their historic high use of owner oper-

ators for the traditional truckload movements they haul.

During the course of the individual group analyses, reference will be made, where appropriate, to the position or standing of individual carrier categories in relation to their group or the industry (e.g., carriers in region "X" are the most profitable in group A, and second best within the industry). The "industry", of course, will refer to the sum of the various groups A through D in this Financial Analysis. This ranking is derived from a worksheet table in which numerous measures of profitability, liquidity and leverage were taken from the data and tables in the Analysis for all 32 individual carrier categories^{1/}, and then ranked from best (No. 1) to worst (No. 32).

The information from

these rankings will also be used for a summary section which will follow the individual carrier group analyses. In this summary section, a "scorecard" will be presented, indicating, first, how the individual groups fared from 1982 to 1983 (improving, stable or worsening) in broad measures of business activity, profitability, liquidity and leverage. Second, each group's "standing" relative to others will be noted. For this purpose the 32 groups were separated into quartiles (eight groups per quartile) based on their rank for numerous measures of profitability, liquidity and leverage and will be identified as falling into the upper quartile (better results), middle quartiles or lower (less favorable results). A more in depth explanation will precede this section of the analysis.

CHART 12

	Purchased Trpnt. Exp. As Percent of Revenues		Gross Revenues to Net Carr. Oper.	
	1983	1982	1983	1982
General Freight				
Small	18.2%	18.3%	5.90	5.91
Medium	28.9	27.2	6.84	6.68
Large	12.3	11.8	4.65	4.17
All General Freight	15.0	14.5	4.93	4.49
Specialized Carriers	37.0%	38.0%	5.71	5.64

^{1/} The 32 individual carrier categories within this analysis are:

- Group A has 9 regional groups
- Group B has 9 regional groups
- Group C has 6 length of haul groups
- Group D has 8 individual commodity groups
- Total of 32 individual carrier groups

Composite Carrier Group A, B, C, & D

Number of Carriers Year	Total Group A				Total Group B			
	355 1983		1982		222 1983		1982	
Income Statement	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%
Income & Expense Data								
Gross Revenues	893.03	100.0	890.55	100.0	2,480.47	100.0	2,305.17	100.0
Depreciation	36.07	4.0	36.03	4.0	76.64	3.1	75.83	3.3
Purchased Transportation	162.43	18.2	162.80	18.3	718.03	28.9	628.13	27.2
Total Operating Expenses	873.25	97.8	885.44	99.4	2,400.33	96.8	2,269.53	98.5
Net Carrier Operating Income	19.78	2.2	5.11	0.6	80.15	3.2	35.64	1.5
Interest Expense	9.67	1.1	11.71	1.3	22.86	0.9	24.20	1.0
Net Income Before Taxes	21.41	2.4	5.31	0.6	70.17	2.8	28.88	1.3
Income Taxes-Current	5.05	0.6	4.86	0.5	19.19	0.8	16.08	0.7
Deferred Income Taxes	0.23	0.0	0.26	0.0	2.68	0.1	0.07	0.0
Other Adjustments To Income	0.33	0.0	0.82	0.1	2.72	0.1	1.16	0.1
Income Before Extra Items	15.80	1.8	0.63	0.1	45.58	1.8	11.57	0.5
Extraordinary Items	0.54	0.1	0.02	0.0	8.27	0.3	6.76	0.3
Net Income After Taxes	16.34	1.8	0.61	0.1	53.86	2.2	4.81	0.2

Balance Sheet

Assets								
Cash	50.08	11.8	49.83	12.4	144.03	14.9	136.65	15.3
Receivables From Affiliates	10.45	2.5	10.45	2.6	42.58	4.4	47.86	5.4
Notes & Accounts Receivable	107.95	25.5	88.57	22.1	240.63	24.8	196.61	22.0
Prepaid Expenses	11.70	2.8	11.26	2.8	31.49	3.3	27.02	3.0
Materials & Supplies	5.77	1.4	5.31	1.3	17.21	1.8	15.83	1.8
Other Current Assets	4.48	1.1	4.45	1.1	2.85	0.3	3.61	0.4
Total Current Assets	190.43	45.0	169.86	42.3	478.79	49.4	427.58	47.9
Carrier Operating Property	393.34	93.0	381.77	95.1	830.42	85.7	786.57	88.0
Reserve For Depreciation	241.90	57.2	231.05	57.6	467.94	48.3	441.72	49.4
Carrier Operating Property Net	151.44	35.8	150.72	37.6	362.47	37.4	344.86	38.6
Total Tangible Property	171.97	40.7	174.19	43.4	389.28	40.2	369.80	41.4
Intangibles	7.69	1.8	8.19	2.0	13.25	1.4	8.58	1.0
Other Assets	52.96	12.5	49.08	12.2	87.67	9.0	87.55	9.8
Total Assets	423.05	100.0	401.32	100.0	968.99	100.0	893.51	100.0
Liabilities & Equity								
Payables To Affiliates	10.42	2.5	10.48	2.6	31.60	3.3	30.54	3.4
Notes Payable	12.01	2.8	12.34	3.1	20.23	2.1	15.67	1.8
Accounts Payable	66.06	15.6	59.03	14.7	132.60	13.7	106.84	12.0
Misc Payables & Accruals	9.87	2.3	9.53	2.4	30.18	3.1	26.11	2.9
Taxes Payable	6.13	1.4	4.97	1.2	16.84	1.7	17.38	1.9
Funded Debt Due Within One Year	18.38	4.3	16.91	4.2	49.51	5.1	51.17	5.7
Other Current Liabilities	18.56	4.4	17.46	4.4	69.40	7.2	69.77	7.8
Total Current Liabilities	141.42	33.4	130.73	32.6	350.36	36.2	317.46	35.5
Advances Payable	26.70	6.3	27.49	6.8	26.50	2.7	30.17	3.4
Funded Debt Due After One Year	59.65	14.1	55.80	13.9	122.94	12.7	105.57	11.8
Total Long Term Debt	86.34	20.4	83.28	20.8	149.44	15.4	135.73	15.2
Total Funded Debt	78.03	18.4	72.70	18.1	172.45	17.8	156.73	17.5
Reserves & Est. Liabilities	2.11	0.5	2.34	0.6	8.49	0.9	10.73	1.2
Accum. Deferred Tax Credits	4.86	1.1	4.64	1.2	21.14	2.2	18.39	2.1
Total Liabilities	234.73	55.5	220.99	55.1	529.42	54.6	482.31	54.0
Stockholder's Equity	188.32	44.5	180.33	44.9	439.56	45.4	411.19	46.0
Total Capital	274.66	64.9	263.61	65.7	589.00	60.8	546.92	61.2
Total Liabilities & Equity	423.05	100.0	401.32	100.0	968.99	100.0	893.51	100.0

Analytical Data

	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS
Operating Performance				
Gross Revenues To Equity	4.74	4.94	5.64	5.61
Gross Revenues To Total Capital	3.25	3.38	4.21	4.21
Gross Revenues To Net Carr Oper Prop	2.90	5.91	6.84	6.68
Gross Revenues To Carr Oper Prop (Cost)	2.27	2.33	2.99	2.93
Pre-Tax Income To Gross Revenues, %	2.40	0.60	2.83	1.25
Pre-Tax Income To Total Capital, %	7.79	2.01	11.91	5.28
After Tax Income To Gross Revenues, %	1.77	0.07	1.84	0.50
After Tax Income To Equity, %	8.39	0.35	10.37	2.81
Return On Transportation Investment, %	9.87	2.69	16.33	7.83
Expense Ratio, %	98.87	100.74	97.69	99.50
Operating Ratio, %	97.78	99.43	96.77	98.45
Average Revenue Per Carrier	2.52	2.51	11.17	10.38
Net Income Per Carrier	0.04	0.00	0.21	0.05
Liquidity				
Cash Throw Off, Dollars	52.43	36.48	127.62	88.63
Working Capital, Dollars	49.01	39.13	128.43	110.12
Current Ratio	1.35	1.30	1.37	1.35
Days Cash Oper Exp In Work Cap	21.28	16.76	20.13	18.28
Average Days Collection Period	44.12	36.30	35.41	31.13
Leverage & Debt Service				
Funded Debt To Equity	0.41	0.40	0.39	0.38
Net Debt To Equity	0.06	0.09	0.01	0.01
Funded Debt To Tangible Net Worth	0.43	0.42	0.40	0.39
Cash Throw To Funded Debt Due In One Year, %	285.25	215.75	257.76	173.23
Cash Throw To Total Funded Debt, %	67.19	50.17	74.00	56.55
Interest To Total Funded Debt, %	12.39	16.11	13.25	15.44
Carrier Property (Net) To Equity	0.80	0.84	0.82	0.84
Additional Ratios				
Receivables To Payables	1.38	1.24	1.57	1.60
Deprec To Debt Due In One Year	1.96	2.13	1.55	1.48
Total Tang Prop To Equity	0.91	0.97	0.89	0.90
Income Before Extra Items Etc To Equity, %	8.38	0.31	11.20	2.90
Gross Revenues To Total Tang Prop	5.19	5.11	6.37	6.23

Productivity Measures (Int-City Carr Only)

Total Payroll To Revenues, %	29.54	31.30	28.19	30.77
Total Payroll (WPT) To Revenues, %	48.04	49.80	52.90	53.78
Cargo Handler Compens To Revenues, %	3.05	3.27	3.87	4.23
Linehaul Expenses To Revenues, %	44.03	44.64	48.38	47.86
Revenue Per Ton-Mile, Cents	16.77	17.57	17.31	17.73
Average Load, Tons	10.68	10.14	11.19	11.23
Total Tons, Thous	18,865.06	15,920.32	39,114.91	36,167.62
Total Miles, Thous	307,275.31	300,804.54	981,965.34	902,279.26

Total Group C 107 1983				Total A B & C 1983				Total D 1172 1983			
\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%
13,704.65	100.0	12,505.64	100.0	17,078.16	100.0	15,701.36	100.0	13,621.73	100.0	12,834.71	100.0
498.56	3.6	505.55	4.0	611.28	3.6	617.40	3.9	541.74	4.0	514.27	4.0
1,682.82	12.3	1,481.77	11.8	2,563.28	15.0	2,272.69	14.5	5,039.54	37.0	4,872.23	38.0
13,067.49	95.4	12,293.17	98.3	16,341.06	95.7	15,448.13	98.4	13,179.83	96.8	12,537.20	97.7
637.17	4.6	212.47	1.7	737.10	4.3	253.23	1.6	441.90	3.2	297.51	2.3
119.97	0.9	133.49	1.1	152.49	0.9	169.41	1.1	163.82	1.2	185.69	1.4
565.73	4.1	154.32	1.2	657.30	3.8	188.51	1.2	411.84	3.0	254.73	2.0
207.66	1.5	55.66	0.4	331.90	1.9	76.59	0.5	121.85	0.9	91.94	0.7
33.36	0.2	24.57	0.2	36.27	0.2	24.90	0.2	15.33	0.1	7.89	0.1
22.26	0.2	9.86	0.1	19.22	0.1	7.87	0.1	14.29	0.1	13.35	0.1
346.97	2.5	83.96	0.7	408.35	2.4	94.90	0.6	288.95	2.1	168.26	1.3
4.47	0.0	0.61	0.0	13.29	0.1	6.13	0.0	6.42	0.0	2.94	0.0
351.45	2.6	84.57	0.7	421.64	2.5	88.77	0.6	295.37	2.2	171.20	1.3
655.61	10.4	613.17	10.5	849.72	11.0	799.64	11.2	478.09	8.7	419.67	8.3
135.45	2.1	176.28	3.0	188.48	2.4	234.60	3.3	274.64	5.0	282.66	5.6
1,278.36	20.3	992.69	17.0	1,626.94	21.1	1,277.86	17.9	1,394.13	25.3	1,130.36	22.4
230.92	3.7	208.20	3.6	274.11	3.6	246.49	3.5	185.03	3.4	162.16	3.2
141.56	2.2	126.04	2.2	164.54	2.1	147.18	2.1	110.95	2.0	95.04	1.9
48.33	0.8	71.05	1.2	55.66	0.7	79.10	1.1	41.77	0.8	47.93	0.9
2,490.23	39.5	2,187.43	37.5	3,159.45	41.0	2,784.87	39.1	2,484.60	45.0	2,137.83	42.3
5,965.61	94.5	5,758.78	98.7	7,189.36	93.3	6,927.13	97.1	5,287.92	95.9	4,901.81	97.1
3,017.80	47.8	2,760.19	47.3	3,727.64	48.4	3,432.96	48.1	2,902.89	52.6	2,626.10	52.0
2,947.81	46.7	2,998.59	51.4	3,461.72	44.9	3,494.17	49.0	2,385.03	43.2	2,275.72	45.1
2,980.78	47.2	3,037.87	52.1	3,542.04	46.0	3,581.86	50.2	2,501.98	45.4	2,388.15	47.3
52.38	0.8	50.59	0.9	73.32	1.0	67.36	0.9	44.34	0.8	43.00	0.9
786.94	12.5	560.43	9.6	927.56	12.0	697.06	9.8	485.19	8.8	479.56	9.5
6,310.33	100.0	5,836.32	100.0	7,702.37	100.0	7,131.14	100.0	5,516.11	100.0	5,048.54	100.0
79.09	1.3	126.28	2.2	121.11	1.6	167.29	2.3	243.27	4.4	199.33	3.9
13.38	0.2	16.60	0.3	45.63	0.6	44.61	0.6	108.36	2.0	93.58	1.9
563.27	8.9	460.52	7.9	761.92	9.9	626.39	8.8	691.51	12.5	585.46	11.6
162.20	2.6	155.10	2.7	202.25	2.6	190.73	2.7	103.27	1.9	95.16	1.9
134.13	2.1	78.70	1.3	157.10	2.0	101.05	1.4	94.19	1.7	66.82	1.3
136.99	2.2	130.60	2.2	204.89	2.7	198.67	2.8	312.06	5.7	302.63	6.0
743.24	11.8	645.01	11.1	831.19	10.8	732.24	10.3	329.08	6.0	287.11	5.7
1,832.30	29.0	1,612.80	27.6	2,324.08	30.2	2,060.99	28.9	1,881.74	34.1	1,630.08	32.3
372.44	5.9	386.53	6.6	425.63	5.5	444.18	6.2	354.20	2.8	114.17	2.3
709.88	11.2	790.99	13.6	892.46	11.6	952.35	13.4	835.26	15.1	831.97	16.5
1,082.32	17.2	1,177.52	20.2	1,318.10	17.1	1,396.53	19.6	989.45	17.9	946.14	18.7
846.87	13.4	921.58	15.8	1,097.35	14.2	1,151.02	16.1	1,147.31	20.8	1,134.60	22.5
198.20	3.1	139.69	2.4	208.79	2.7	152.76	2.1	52.32	0.9	55.21	1.1
330.00	5.2	311.43	5.3	355.99	4.6	334.46	4.7	181.33	3.3	174.19	3.5
3,442.82	54.6	3,241.44	55.5	4,206.97	54.6	3,944.74	55.3	3,104.84	56.3	2,805.62	55.6
2,867.51	45.4	2,594.88	44.5	3,495.40	45.4	3,186.40	44.7	2,411.27	43.7	2,242.92	44.4
3,949.83	62.6	3,772.40	64.6	4,813.50	62.5	4,582.93	64.3	3,400.72	61.7	3,189.06	63.2
6,310.33	100.0	5,836.32	100.0	7,702.37	100.0	7,131.14	100.0	5,516.11	100.0	5,048.54	100.0
1983 RATIOS		1982 RATIOS		1983 RATIOS		1982 RATIOS		1983 RATIOS		1982 RATIOS	
4.78		4.82		4.89		4.93		5.65		5.72	
3.47		3.32		3.55		3.43		4.01		4.02	
4.65		4.17		4.93		4.49		5.71		5.64	
2.30		2.17		2.38		2.27		2.58		2.62	
4.13		1.23		3.85		1.20		3.02		1.98	
14.32		4.09		13.66		4.11		12.11		7.39	
2.53		0.67		2.39		0.60		2.12		1.31	
12.10		3.24		11.68		2.98		11.98		7.50	
17.67		5.95		17.15		6.00		14.79		10.69	
96.23		99.37		96.58		99.47		97.96		99.13	
95.35		98.30		95.68		98.39		96.76		97.68	
128.08		116.88		24.97		22.96		11.62		10.95	
3.24		0.76		0.60		0.14		0.25		0.14	
856.63		604.21		1,036.68		729.32		831.73		677.06	
657.92		574.63		835.36		723.88		602.86		507.74	
1.36		1.36		1.36		1.35		1.32		1.31	
19.09		17.76		19.36		17.78		17.34		15.36	
34.05		28.97		34.77		29.71		37.36		32.15	
0.30		0.36		0.31		0.36		0.48		0.51	
0.02		0.08		0.02		0.07		0.10		0.14	
0.30		0.36		0.32		0.37		0.48		0.52	
625.30		462.66		505.98		367.11		266.53		223.73	
101.15		65.56		34.47		63.36		72.49		59.67	
14.17		14.49		13.90		14.72		14.28		16.37	
1.03		1.16		0.99		1.10		0.99		1.01	
2.22		2.08		2.01		1.90		1.74		1.66	
3.64		3.87		2.98		3.11		1.74		1.70	
1.04		1.17		1.01		1.12		1.04		1.06	
12.12		3.24		11.81		2.99		11.99		7.50	
4.60		4.12		4.82		4.38		5.44		5.37	
36.13		38.21		34.91		37.00		18.78		18.92	
48.18		49.91		48.76		50.40		56.76		57.87	
7.89		8.23		7.21		7.53		2.39		2.35	
39.79		41.64		41.00		42.54		77.40		78.59	
19.67		18.98		19.24		18.76		10.30		10.70	
13.09		13.05		12.68		12.63		13.13		12.62	
111,903.85		105,319.52		167,883.85		157,407.46		363,405.58		349,887.80	
5,037,232.15		4,800,547.17		6,326,472.80		6,003,630.96		7,763,360.05		7,235,515.62	

General Freight Carriers With Revenues Less Than \$5 Million Annually

Operating Performance

Business levels and operating performance of the smaller general freight carriers showed a great degree of variability from 1982 to 1983. Carriers registered declines in mileage in four of the regions, notably in the west affecting both the Rocky Mountain and Pacific regions. The Rocky Mountain firms also handled much less tonnage than in 1982, and experienced declining revenues as well. Tons handled and mile travelled also declined in the Southern region while in the sunbelt counterpart -- the Southwestern region -- tons and miles increased. The increases in business in the New England, Middle Atlantic and Central regions -- those being among the regions that have been experiencing long term declines in their industrial bases -- were encouraging.

In addition to revenue declines in the Rocky Mountain regions in 1983, very minor revenue declines occurred in the Middle Atlantic and Southern regions. Revenue gains were registered elsewhere but were slim for the most part. The greatest gain was 6.8 percent by New England carriers.

In spite of the business variability for the small general freight carriers, all regions except the Southwestern showed improved profitability in 1983. Note that Southwestern region carriers were the most profitable in 1982 in Group A and are still among its most profitable in 1983 despite some slippage.

The increasing profitability in 1983 was well needed as in three regions -- New England, Central and Pacific -- these groups of carriers counteracted operating losses registered in 1982. The largest gains in operating profits, based on percent change, were the carriers of the Southern and Middlewestern regions and these two rank first and second in average operating ratio (lowest) in 1983, at 96.17 and 96.37 among Group A firms. These ratios still are high by industry standards but other smaller carriers are in a less favorable position. Despite improved earnings, four regions show average operating ratios above 98.

Based on net profits, the Rocky Mountain and Southern region carriers appear adequate with margins of 3.00 and 2.91. These returns were among the best in the industry. The New England and Middlewestern carriers have also shown pronounced improvement. On the other hand, the Central and Northwestern small general freight carriers show greatly subpar profit margins, among the industry's lowest -- although Central region carriers improved considerably.

The same trends and ranking are indicated by returns on equity and returns on transportation investment -- improvements virtually across the board and healthy results for various groups. Most of the smaller general freight carriers could use at least another year of sound profitability growth and then profit stability at minimum to pump up their earnings base.

Liquidity and Leverage

As business conditions and profitability gains were registered in general for Group A carriers, liquidity and the balance sheet posture improved overall. Cash throw improved in all regions, large gains for some regions -- New England, Central and Middlewestern -- and small gains in others -- Northwestern, Middle Atlantic and Southwestern. But there were gains across the board nonetheless.

Working capital also improved for these small carriers in general although not for all groups, the Northwestern and Middlewestern being the exceptions. In both these groups, though, working capital appears adequate. In spite of improvement, the working capital position of Central region carriers is low, and in the Rocky Mountain region, negative. This is shown by a current ratio of 0.91 in the Rocky Mountain region, lowest in the industry, and 1.02 in the Central. Strong current ratios are evident in five regions -- at 1.48 and better. Most groups improved their ability to cover cash operating expenses from working capital, with the Middle Atlantic and Pacific regions in the best position in Group A according to 1983 results.

The small general freight carriers ended 1983 in a state of increased leverage although the results were varied appreciably by region. The group overall increased funded debt by 7.3 percent from 1982 while total asset growth was 5.4 percent. In five regions -- New England, Central, Middlewestern, Rocky Mountain and Pacific --

funded debt was reduced from 1982 levels. The four others, which increased funded debt, offset the declines of the others and led to the overall rise for the group. Outlays for interest expense declined for all regions except the Northwestern -- an 18.6 percent rise tied to a 39.7 percent increase in total funded debt. Interest expense outlays in four regions declined by 20 percent or more from 1982 -- New England, Central, Southern and Southwestern.

The groups' increased leverage is indicated by the funded debt to equity ratio which overall increased modestly to 0.41 in 1983 from 0.40 in 1982. Actually, only four of the nine regions showed increases -- Middle Atlantic, Southern, Northwestern and Southwestern. The Central and Southern regions have the highest leverage in the group with funded debt to equity at greater than 0.50; New England and the Rocky Mountain are least leveraged among peer carriers with ratios under 0.30.

Considering net debt to equity, which takes into account net working capital, the Rocky Mountain region, with negative working capital, shows up as among the highest leveraged regions. The Central has the largest debt burden within the group and virtually the highest within the industry. In better shape by this measure are the New England, Middle Atlantic, Southern, Northwestern and Pacific regions.

The ability to pay debt, measured by cash throw to total funded debt, improved

for the group as a whole. The ratio rose from 50.17 in 1982 -- essentially two years to pay off all debt -- to 67.19 in 1983. According to this ratio, the Rocky Mountain region is in the best condition in the Group. Its ratio at 149.88 indicates the ability to pay off total funded debt in well under one year. For all other regions, debt pay off would take more than one year, and for the Middle Atlantic and Pacific regions, close to two years.

Interest expenses, which amounted to 16.11 percent of total funded debt in 1982, fell to 12.39 percent by 1983. The interest to debt ratio increased in only two regions -- the Rocky Mountain and the Pacific -- but the increases were very modest. The best improvements were in the Southern and Southwestern regions, where interest expense fell from 18.97 to 9.21 percent of funded debt in the Southern and from 18.99 to 11.92 percent in the Southwestern. In most groups the interest expense ranges from 10 to 14 percent of funded debt.

Interest to funded debt is loosely a measure of a company's effective interest rate and in this context a partial measure of its interest burden. However other data

should also be considered for the interest burden, among them interest expense per dollar of revenues and interest expense relative to net carrier operating income, this being to money left after operating expenses available to pay interest (among other non-operating items).

Interest expense as a percent of revenues ranged from a group low of 0.72 percent in the Northwestern region to a high of 1.35 percent in the Pacific -- a fairly steep burden among industry groups in 1983. As a percent of operating income, 23.9 percent went for interest in the Southern region, which was the lowest in the group, to a high of 82.7 percent in the Pacific region, among the highest interest burdens in the industry. Also with heavy burdens were the Middle Atlantic, Central and Middlewestern regions, where in each interest expense absorbed more than half the region's net carrier operating income. For the group overall, 48.9 percent of operating income in 1983 was absorbed by interest expenses, a substantially high level, but a large improvement over 1982 when interest expense was 1.3 times net carrier operating income.

Debt levels in this group

though will likely increase substantially in the next few years due to equipment replacement. Fleet age, as indicated by percent depreciated [1 minus (net carrier operating property divided by carrier operating property at cost)], was 61.5 percent in 1983, an increase from 60.5 percent in 1982. This is a virtually unprecedented age for any group within the industry. Five of the regions have fleets which are more than 60 percent depreciated and in two others, the Southern and Northwestern -- fleets are close to 60 percent depreciated. With "newest" fleets are the Middlewestern and Southwestern regions, but their fleets are "new" only in a relative sense compared to other regions in Group A.

To give these numbers perspective, the small general freight carriers of Group A added 3 percent to carrier operating property at cost, but the depreciation reserve increased 4.7 percent from 1982 to 1983. In the Southern and Rocky Mountain regions, there was a reduction in carrier operating property at cost as equipment was sold or retired. In other regions there were net investments made, ranging from 0.5 percent in the Pacific to an 11.3 percent addition to

the cost of property in the Southwestern. In almost all cases, though, the increased charges to depreciation reserve offset the investment gains.

The use of purchased transportation, an investment alternative, is fairly high among the smaller sized general freight carriers, consuming 18.2 percent of revenues in 1983. Although this marks a minor decline from 18.3 percent in 1982, purchased transportation in the 1970's for this group was under 10 percent of revenues. The lowest use of purchased transportation is for the New England region carriers at 3.7 percent of revenues; the highest use in Group A is in the Northwestern region at 34.3 percent of revenues. Use by other regions is between 15 and 24 percent of revenues.

In summary, the Group A general freight carriers showed improvements in 1983 over 1982 in business levels, earnings and liquidity. There were some increases in leverage, though. In spite of most improvements, this group of firms still has extremely thin profit margins and an old fleet. Conditions in this segment must improve beyond levels in 1983 to achieve a sounder financial foundation for future growth.

Carrier Group A

Region Number Region Number of Carriers Year	1 New England 27 1983				2 Middle Atlantic 68 1983				3 Central 72 1983				4 Southern 55 1983			
	1982		1982		1982		1982		1982		1982		1982		1982	
Income Statement	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%
Income & Expense Data																
Gross Revenues	64.82	100.0	60.71	100.0	164.74	100.0	165.64	100.0	169.15	100.0	166.24	100.0	155.05	100.0	157.04	100.0
Depreciation	2.47	3.8	2.32	3.8	6.77	4.1	6.56	4.0	6.94	4.1	7.00	4.2	6.49	4.2	7.01	4.5
Purchased Transportation	2.39	3.7	2.08	3.4	26.46	16.1	26.03	15.7	35.78	21.2	33.38	20.1	25.62	16.5	28.77	18.3
Total Operating Expenses	63.26	97.6	60.80	100.1	162.48	98.6	163.94	99.0	166.45	98.4	168.08	101.1	149.11	96.2	154.76	98.5
Net Carrier Operating Income	1.56	2.4	0.08	0.1	2.26	1.4	1.71	1.0	2.71	1.6	1.82	1.1	5.94	3.8	2.28	1.5
Interest Expense	0.47	0.7	0.59	1.0	1.77	1.1	1.79	1.1	1.86	1.1	2.49	1.5	1.42	0.9	1.91	1.2
Net Income Before Taxes	1.97	3.0	0.30	0.5	3.28	2.0	1.80	1.1	2.13	1.3	2.88	1.7	5.57	3.6	1.53	1.0
Income Taxes-Current	0.33	0.5	0.17	0.3	1.10	0.7	0.75	0.5	0.54	0.3	0.57	0.3	0.98	0.6	1.30	0.8
Deferred Income Taxes	0.05	0.1	0.03	0.1	0.07	0.0	0.04	0.0	0.40	0.2	0.02	0.0	0.07	0.0	0.01	0.0
Other Adjustments To Income	0.00	0.0	0.00	0.0	0.04	0.0	0.32	0.2	0.27	0.2	0.44	0.3	0.00	0.0	0.00	0.0
Income Before Extra Items	1.60	2.5	0.09	0.1	2.07	1.3	0.69	0.4	0.93	0.6	3.90	2.3	4.52	2.9	0.22	0.1
Extraordinary Items	0.07	0.1	0.00	0.0	0.01	0.0	0.03	0.0	0.49	0.3	0.01	0.0	0.04	0.0	0.04	0.0
Net Income After Taxes	1.67	2.6	0.09	0.1	2.06	1.3	0.72	0.4	1.42	0.8	3.90	2.3	4.56	2.9	0.19	0.1

Balance Sheet

Assets																
Cash	4.21	13.3	3.10	10.4	12.21	14.9	12.68	16.1	4.45	6.0	5.47	8.3	8.22	13.1	7.77	12.4
Receivables From Affiliates	0.97	3.1	0.98	3.3	6.66	8.1	6.54	8.3	0.78	1.1	0.75	1.1	1.46	2.3	1.16	2.0
Notes & Accounts Receivable	7.26	23.0	5.86	19.8	19.45	23.7	16.29	20.7	24.33	32.8	17.98	27.2	16.04	25.5	14.44	24.6
Prepaid Expenses	1.30	4.1	0.92	3.1	2.04	2.5	2.18	2.8	2.00	2.7	1.81	2.7	1.86	3.0	1.91	3.3
Materials & Supplies	0.51	1.6	0.50	1.7	1.05	1.3	1.09	1.4	0.94	1.3	0.90	1.4	1.24	2.0	1.21	2.1
Other Current Assets	0.01	0.0	0.02	0.1	0.07	0.1	0.58	0.7	3.81	5.1	2.62	4.0	0.13	0.2	0.55	0.9
Total Current Assets	14.26	45.1	11.37	38.4	41.48	50.6	39.37	50.1	36.32	49.0	29.52	44.7	28.95	46.1	26.54	45.2
Carrier Operating Property	37.47	118.6	36.24	122.3	75.37	91.9	72.57	92.3	71.85	97.0	69.14	104.8	70.54	112.3	71.31	121.4
Reserve For Depreciation	23.08	73.0	21.34	72.0	49.05	59.8	46.23	58.8	46.01	62.1	44.26	67.1	41.74	66.4	43.02	73.3
Carrier Operating Property Net	14.38	45.5	14.90	50.3	26.31	32.1	26.35	33.5	25.84	34.9	24.88	37.7	28.80	45.8	28.28	48.2
Total Tangible Property	15.91	50.3	16.47	55.6	28.32	34.5	28.20	35.9	28.61	38.6	28.22	42.8	28.95	46.1	28.59	48.7
Intangibles	0.20	0.6	0.21	0.7	1.20	1.5	1.23	1.6	3.02	4.1	2.82	4.3	1.60	2.6	2.04	3.5
Other Assets	1.23	3.9	1.58	5.3	11.04	13.5	9.83	12.5	6.13	8.3	5.44	8.2	3.34	5.3	1.55	2.6
Total Assets	31.60	100.0	29.64	100.0	82.05	100.0	78.63	100.0	74.07	100.0	66.00	100.0	62.84	100.0	58.72	100.0
Liabilities & Equity																
Payables To Affiliates	1.54	4.9	1.35	4.5	2.33	2.8	2.24	2.8	2.73	3.7	2.41	3.7	0.70	1.1	0.53	0.9
Notes Payable	0.52	1.7	0.53	1.8	1.15	1.4	1.43	1.8	4.98	6.7	4.07	6.2	1.04	1.7	1.73	2.9
Accounts Payable	4.60	14.5	4.15	14.0	11.43	13.9	10.47	13.3	17.18	23.2	13.73	20.8	9.38	14.9	9.81	16.7
Misc Payables & Accruals	0.95	3.0	0.90	3.0	1.84	2.2	1.71	2.2	1.80	2.4	1.47	2.2	1.25	2.0	1.60	2.7
Taxes Payable	0.44	1.4	0.25	0.9	0.95	1.2	0.87	1.1	1.82	2.5	1.06	1.6	0.85	1.3	0.91	1.6
Funded Debt Due Within One Year	1.09	3.4	1.59	5.4	3.73	4.5	3.18	4.0	2.95	4.0	2.82	4.3	4.58	7.3	3.75	6.4
Other Current Liabilities	1.87	5.9	1.96	6.6	4.43	5.4	4.86	6.2	4.15	5.6	3.63	5.5	1.69	2.7	1.27	2.2
Total Current Liabilities	11.01	34.8	10.72	36.2	25.87	31.5	24.76	31.5	35.63	48.1	29.20	44.2	19.50	31.0	19.60	33.4
Advances Payable	0.13	0.4	0.18	0.6	0.46	0.6	0.54	0.7	1.61	2.2	1.60	2.4	0.98	1.6	1.34	2.3
Funded Debt Due After One Year	3.49	11.0	3.76	12.7	12.11	14.8	9.83	12.5	10.62	14.3	10.81	16.4	10.89	17.3	6.31	10.7
Total Long Term Debt	3.62	11.5	3.94	13.3	12.57	15.3	10.37	13.2	12.23	16.5	12.42	18.8	11.87	18.9	7.65	13.0
Total Funded Debt	4.58	14.5	5.35	18.0	15.84	19.3	13.01	16.6	13.57	18.3	13.63	20.6	15.47	24.6	10.06	17.1
Reserves & Est. Liabilities	0.00	0.0	0.22	0.8	0.86	1.1	0.66	0.8	0.60	0.8	0.60	0.9	0.10	0.2	0.18	0.3
Accum. Deferred Tax Credits	0.21	0.7	0.09	0.3	1.17	1.4	1.15	1.5	0.87	1.2	0.48	0.7	0.83	1.3	0.69	1.2
Total Liabilities	14.84	47.0	14.98	50.5	40.47	49.3	36.94	47.0	49.33	66.6	42.69	64.7	32.30	51.4	28.11	47.9
Stockholder's Equity	16.76	53.0	14.66	49.5	41.58	50.7	41.69	53.0	24.75	33.4	23.30	35.3	30.55	48.6	30.61	52.1
Total Capital	20.38	64.5	18.60	62.8	54.14	66.0	52.06	66.2	36.98	49.9	35.72	54.1	42.41	67.5	38.25	65.1
Total Liabilities & Equity	31.60	100.0	29.64	100.0	82.05	100.0	78.63	100.0	74.07	100.0	66.00	100.0	62.84	100.0	58.72	100.0

Analytical Data

	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS
Operating Performance								
Gross Revenues To Equity	3.87	4.14	3.96	3.97	6.84	7.13	5.08	5.13
Gross Revenues To Total Capital	3.18	3.26	3.04	3.18	4.57	4.65	3.66	4.11
Gross Revenues To Net Carr Oper Prop	4.51	4.07	6.26	6.29	6.55	6.68	5.38	5.55
Gross Revenues To Carr Oper Prop (Cost)	1.73	1.68	2.19	2.28	2.35	2.40	2.20	2.20
Pre-Tax Income To Gross Revenues, %	3.05	0.49	1.99	1.08	1.26	1.73	3.59	0.97
Pre-Tax Income To Total Capital, %	9.68	1.59	6.06	3.45	5.76	8.05	13.14	4.00
After Tax Income To Gross Revenues, %	2.46	0.15	1.26	0.41	0.55	2.35	2.91	0.14
After Tax Income To Equity, %	9.53	0.61	4.98	1.64	3.76	16.75	14.79	0.73
Return On Transportation Investment, %	8.83	0.53	5.35	4.16	10.21	7.24	15.54	6.49
Expense Ratio, %	98.32	101.11	99.70	100.05	99.50	102.60	97.09	99.76
Operating Ratio, %	97.60	100.14	98.63	98.97	98.40	101.10	96.17	98.54
Average Revenue Per Carrier	2.40	2.25	2.42	2.44	2.35	2.31	2.82	2.86
Net Income Per Carrier	0.06	0.00	0.03	0.01	0.01	0.05	0.08	0.00
Liquidity								
Cash Throw Off, Dollars	4.11	2.44	8.95	7.61	8.54	3.55	11.08	7.24
Working Capital, Dollars	3.25	0.64	15.61	14.61	0.69	0.32	9.45	6.94
Current Ratio	1.30	1.06	1.60	1.59	1.02	1.01	1.48	1.35
Days Cash Oper Exp In Work Cap	19.49	4.02	36.49	33.81	1.57	0.73	24.02	17.06
Average Days Collection Period	40.89	35.21	43.10	35.90	52.50	39.48	37.76	33.55
Leverage & Debt Service								
Funded Debt To Equity	0.27	0.36	0.38	0.31	0.55	0.58	0.51	0.33
Net Debt To Equity	0.01	0.21	0.08	0.11	0.40	0.45	0.05	0.02
Funded Debt To Tangible Net Worth	0.28	0.37	0.39	0.32	0.62	0.67	0.53	0.35
Cash Throw To Funded Debt Due In One Year, %	377.49	153.17	240.03	239.43	289.26	126.13	241.89	193.14
Cash Throw To Total Funded Debt, %	89.83	45.58	56.50	58.50	62.93	26.06	71.64	72.01
Interest To Total Funded Debt, %	10.21	11.04	11.18	13.78	13.71	18.27	9.21	18.97
Carrier Property (Net) To Equity	0.86	1.02	0.63	0.63	1.04	1.07	0.94	0.92
Additional Ratios								
Receivables To Payables	1.42	1.25	1.55	1.37	1.10	1.01	1.54	1.25
Deprec To Debt Due In One Year	2.26	1.45	1.82	2.06	2.35	2.49	1.42	1.87
Total Tang Prop To Equity	0.95	1.12	0.68	0.68	1.16	1.21	0.95	0.93
Income Before Extra Items Etc To Equity, %	9.53	0.61	4.96	1.64	3.76	16.46	14.79	0.73
Gross Revenues To Total Tang Prop	4.07	3.69	5.82	5.87	5.91	5.89	5.36	5.49
Productivity Measures (In-City Carr Only)								
Total Payroll To Revenues, %	43.98	46.48	28.54	30.44	30.51	33.84	26.34	28.39
Total Payroll (WPT) To Revenues, %	48.19	50.48	48.39	49.16	51.93	53.31	42.39	44.74
Cargo Handler Compen To Revenues, %	6.15	6.19	3.35	3.35	2.89	3.52	3.03	2.94
Linehaul Expenses To Revenues, %	5.79	5.36	42.24	40.32	46.00	45.60	41.92	43.68
Average Load, Tons	41.36	35.68	19.66	20.98	15.94	18.36	16.42	16.11
Average Load, Miles	5.67	6.56	9.49	8.95	11.42	10.80	9.60	9.90
Total Tons, Thous	782.04	777.49	5,078.76	4,624.41	2,843.39	2,562.31	3,560.37	3,340.64
Total Miles, Thous	19,312.78	18,510.67	59,305.45	57,912.30	57,212.92	49,816.12	79,171.14	80,489.22

5 Northwestern 15 1983				6 Middlewestern 22 1983				7 Southwestern 16 1983				8 Rocky Mountain 17 1983				9 Pacific 63 1983				Total All Regions 355 1983			
1982		1982		1982		1982		1982		1982		1982		1982		1982		1982		1982		1982	
\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%
32.06	100.0	30.81	100.0	56.87	100.0	56.41	100.0	48.29	100.0	46.60	100.0	39.52	100.0	45.32	100.0	162.50	100.0	161.77	100.0	893.03	100.0	890.55	100.0
1.21	3.8	1.13	3.7	3.12	5.5	2.91	5.2	3.00	6.2	2.71	5.8	1.35	3.4	1.35	3.0	4.73	2.9	5.03	3.1	36.07	4.0	36.03	4.0
11.01	34.3	10.62	34.5	9.18	16.1	10.35	18.3	7.36	15.2	6.46	13.9	9.55	24.2	10.73	23.7	35.08	21.6	34.37	21.2	162.43	18.2	162.80	18.3
31.50	98.2	30.26	98.2	55.58	97.7	55.95	99.2	46.54	96.4	44.68	95.9	38.48	97.4	44.35	97.9	159.85	98.4	162.65	100.5	873.25	97.8	885.44	99.4
0.58	1.8	0.55	1.8	1.28	2.3	0.47	0.8	1.75	3.6	1.92	4.1	1.04	2.6	0.97	2.1	2.66	1.6	0.88	0.5	19.78	2.2	5.11	0.6
0.23	0.7	0.20	0.6	0.75	1.3	0.88	1.6	0.60	1.3	0.86	1.8	0.36	0.9	0.39	0.9	2.20	1.4	2.60	1.6	9.67	1.1	11.71	1.3
0.53	1.6	0.51	1.6	1.48	2.6	0.25	0.4	1.40	2.9	1.20	2.6	1.38	3.5	1.23	2.7	3.66	2.3	1.37	0.8	21.41	2.4	5.31	0.6
0.22	0.7	0.24	0.8	0.30	0.5	0.13	0.2	0.37	0.8	0.39	0.8	0.20	0.5	0.49	1.1	1.03	0.6	0.81	0.5	5.05	0.6	4.86	0.5
0.05	0.2	0.02	0.1	0.30	0.5	0.01	0.0	0.06	0.1	0.04	0.1	0.00	0.0	0.05	0.1	0.05	0.0	0.06	0.0	0.23	0.0	0.26	0.0
0.03	0.1	0.07	0.2	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.01	0.0	0.01	0.0	0.33	0.0	0.82	0.1
0.22	0.7	0.18	0.6	1.49	2.6	0.13	0.2	1.09	2.3	0.78	1.7	1.18	3.0	0.69	1.5	2.69	1.7	0.50	0.3	15.80	1.8	0.63	0.1
0.10	0.3	0.06	0.2	0.01	0.0	0.01	0.0	0.01	0.0	0.00	0.0	0.02	0.0	0.02	0.0	0.06	0.0	0.10	0.1	0.54	0.1	0.02	0.0
0.12	0.4	0.12	0.4	1.50	2.6	0.12	0.2	1.10	2.3	0.78	1.7	1.17	2.9	0.67	1.5	2.75	1.7	0.60	0.4	16.34	1.8	0.61	0.1
1.93	18.4	1.73	17.7	4.16	15.4	3.80	14.9	2.57	11.7	2.30	11.4	1.64	4.6	1.07	3.1	10.69	13.8	12.41	15.9	50.08	11.8	49.83	12.4
0.01	0.1	0.10	1.0	0.14	0.5	0.21	0.8	0.08	0.3	0.08	0.4	0.24	0.7	0.12	0.3	0.58	0.8	0.76	1.0	10.45	2.5	10.45	2.6
2.85	27.2	2.84	29.1	5.16	19.1	4.52	17.8	4.94	22.5	3.86	19.2	3.55	10.0	3.27	9.3	24.37	31.4	19.50	25.0	107.95	25.5	88.57	22.1
0.34	3.2	0.27	2.8	0.60	2.2	0.67	2.6	0.61	2.8	0.49	2.5	0.22	0.6	0.22	0.6	2.74	3.5	2.79	3.6	11.70	2.8	11.26	2.8
0.18	1.7	0.14	1.4	0.32	1.2	0.21	0.8	0.14	0.7	0.12	0.6	0.29	0.8	0.28	0.8	1.09	1.4	0.85	1.1	5.77	1.4	5.31	1.3
0.17	1.6	0.05	0.5	0.02	0.1	0.03	0.1	0.00	0.0	0.07	0.3	0.07	0.2	0.08	0.2	0.20	0.3	0.45	0.6	4.48	1.1	4.45	1.1
5.48	52.3	5.13	52.6	10.40	38.5	9.44	37.2	8.33	38.1	6.92	34.5	5.53	15.6	4.80	13.7	39.67	51.1	36.77	47.2	190.43	45.0	169.86	42.3
11.03	105.3	10.25	105.0	30.61	113.3	28.30	111.4	26.61	121.5	23.90	119.1	13.49	38.0	13.95	39.7	56.38	72.6	56.11	72.0	393.34	93.0	381.77	95.1
6.47	61.7	6.02	61.7	15.89	58.8	14.28	56.2	13.84	63.2	11.87	59.1	8.43	23.8	8.73	24.8	37.38	48.1	35.31	45.3	241.90	57.2	231.05	57.6
4.57	43.6	4.23	43.3	14.71	54.4	14.02	55.2	12.77	58.3	12.04	60.0	5.06	14.3	5.22	14.9	19.00	24.5	20.80	26.7	151.44	35.8	150.72	37.6
4.57	43.6	4.24	43.4	15.02	55.6	14.36	56.5	12.96	59.2	12.26	61.1	5.07	14.3	5.23	14.9	32.57	42.0	36.62	47.0	171.97	40.7	174.19	43.4
0.03	0.2	0.03	0.3	0.49	1.8	0.53	2.1	0.24	1.1	0.28	1.4	0.39	1.1	0.31	0.9	0.52	0.7	0.73	0.9	7.69	1.8	8.19	2.0
0.41	3.9	0.37	3.7	1.12	4.1	1.08	4.3	0.36	1.7	0.61	3.0	24.46	69.0	24.77	70.5	4.86	6.3	3.85	4.9	52.96	12.5	49.08	12.2
10.48	100.0	9.76	100.0	27.03	100.0	25.41	100.0	21.90	100.0	20.07	100.0	35.46	100.0	35.12	100.0	77.63	100.0	77.97	100.0	423.05	100.0	401.32	100.0
0.14	1.4	0.15	1.6	0.69	2.6	0.84	3.3	0.70	3.2	0.56	2.8	0.61	1.7	0.55	1.6	0.97	1.2	1.85	2.4	10.42	2.5	10.48	2.6
0.19	1.8	0.15	1.6	0.81	3.0	0.89	3.5	0.41	1.9	0.39	2.0	0.69	2.0	0.64	1.8	2.21	2.9	2.51	3.2	12.01	2.8	12.34	3.1
1.31	12.5	1.37	14.1	3.69	13.6	3.11	12.2	2.30	10.5	1.91	9.5	2.69	7.8	2.70	7.7	13.48	17.4	11.78	15.1	66.06	15.6	59.03	14.7
0.39	3.7	0.38	3.9	0.67	2.5	0.69	2.7	0.53	2.4	0.40	2.0	0.50	1.4	0.55	1.6	1.91	2.5	1.82	2.3	9.87	2.3	9.53	2.4
0.02	0.2	0.09	0.9	0.17	0.6	0.02	0.1	0.30	1.4	0.54	2.7	0.25	0.7	0.38	1.1	1.32	1.7	0.85	1.1	6.13	1.4	4.97	1.2
0.88	8.4	0.39	4.0	1.13	4.2	0.92	3.6	1.02	4.7	1.35	6.7	0.64	1.8	0.43	1.2	2.35	3.0	2.48	3.2	18.38	4.3	16.91	4.2
0.63	6.0	0.38	3.9	1.44	5.3	1.06	4.2	0.23	1.1	0.25	1.3	0.69	2.0	0.61	1.7	3.42	4.4	3.45	4.4	18.56	4.4	17.46	4.4
3.57	34.0	2.92	29.9	8.60	31.8	7.53	29.6	5.50	25.1	5.39	26.9	6.09	17.2	5.87	16.7	25.66	33.1	24.74	31.7	141.42	33.4	130.73	32.6
0.12	1.1	0.05	0.5	0.44	1.6	0.36	1.4	0.02	0.1	0.02	0.1	21.50	60.6	21.67	61.7	1.43	1.8	1.71	2.2	26.70	6.3	27.49	6.8
1.00	9.5	0.96	9.8	4.31	16.0	4.53	17.8	4.04	18.5	3.18	15.8	1.05	3.0	1.37	3.9	12.14	15.6	15.05	19.3	59.65	14.1	55.80	13.9
1.11	10.6	1.01	10.3	4.76	17.6	4.89	19.3	4.07	18.6	3.20	15.9	22.55	63.6	23.04	65.6	13.57	17.5	16.76	21.5	86.34	20.4	83.28	20.8
1.88	18.0	1.35	13.8	5.44	20.1	5.45	21.5	5.07	23.1	4.52	22.5	1.69	4.8	1.80	5.1	14.49	18.7	17.52	22.5	78.03	18.4	72.70	18.1
0.04	0.3	0.04	0.4	0.10	0.4	0.10	0.4	0.10	0.5	0.22	1.1	0.00	0.0	0.00	0.0	0.32	0.4	0.31	0.4	2.11	0.5	2.34	0.6
0.10	1.0	0.22	2.2	0.27	1.0	0.58	2.3	0.35	1.6	0.18	0.9	0.32	0.9	0.28	0.8	0.72	0.9	0.97	1.2	4.86	1.1	4.64	1.2
4.82	46.0	4.19	42.9	13.73	50.8	13.10	51.5	10.02	45.8	8.99	44.8	28.96	81.7	29.20	83.2	40.27	51.9	42.79	54.9	234.73	55.5	220.99	55.1
5.66	54.0	5.58	57.1	13.30	49.2	12.31	48.5	11.88	54.2	11.08	55.2	6.50	18.3	5.92	16.8	37.36	48.1	35.18	45.1	188.32	44.5	180.33	44.9
6.77	64.6	6.59	67.5	18.06																			

General Freight Carriers With Revenues Between \$5 Million And \$25 Million Annually

Operating Performance

Business conditions for medium size general freight carriers were much better than for their smaller sized counterparts in Group A. The Group B carriers travelled 8.8 percent more miles in 1983 from 1982, handled 8.1 percent more tonnage and achieved a 7.6 percent revenue growth. Variation among the regions is again in evidence, as one would expect. The increase in vehicle mileage was strongest by far in the Northwestern region, where a 24.4 percent increase was achieved. Two regions noted declines -- the Southwestern and Rocky Mountain -- in the 4 to 5 percent range. Most other regions had gains averaging near 10 percent.

Tonnage increased strongly in both the Southwestern and Northwestern regions, by about 20 percent in each. In other regions, the tonnage gains tended to be less than 10 percent, but in two regions, tonnage declined, by 4.2 percent in New England and 3.1 percent in the Middlewestern region.

With the exception of the Southwestern region, all others showed revenue gains from 1982 to 1983. The largest gains, all over 10 percent, were in the Central, Southern and Northwestern regions. In other regions, revenue gains ranged from 3.1 percent (New England) to 8.9 percent (Middle Atlantic), with the Rocky Mountain and Pacific regions in the 5 percent growth range.

The medium size general freight carriers as a group achieved a 7.6 percent revenue growth over 1982, a 5.8 percent expense increase,

producing a 124.9 percent gain in operating profits and 19.2 percent increase in net profits. For two regions, there was no gain in operating profits as expenses increased faster than revenues in both the New England and Pacific regions. In all others, expenses increased less than revenues, or in the case of the Southwestern region where revenues declined, expenses declined by a greater percent. In both the Middle Atlantic and Central regions, their 1983 operating profits are in comparison to operating losses in 1982.

The operating ratios for the regions of medium size general freight carriers range from a very sound 93.94 in the Southwestern region (second best in the industry in 1983) to a fragile 98.45 in the Middle Atlantic -- among the industry's highest. Most regions in 1983 had 96 to 97 operating ratios -- which are still unfavorable compared to industry norms which should be close to 95. Nevertheless, the 1983 results are a marked improvement over 1982.

Net profits increased in all regions of Group B carriers except in the Pacific where it declined 10.8 percent. The Pacific region, though, is the most profitable of all nine, with a 1983 net profit margin of 2.83 percent (although down from 3.62 percent in 1982). Carriers in five regions earned profits in 1983 compared to losses in 1982 -- Middle Atlantic, Central, Northwestern, Middlewestern and Southwestern. The Rocky Mountain region carriers doubled their profits in 1983.

Profits margins, though, remain relatively low. Four regions have profit margins

better than 2 percent but less than 3 percent, headed by the Pacific region. Profit margins in four other regions are in the one percent range, followed by the Middle Atlantic's 0.76 percent margin. For the whole group, though, the 1983 margin of 1.84 percent is much better than the 0.50 percent margin in 1982.

Return on equity also improved in all regions except the Pacific. The highest ROE was for Middlewestern carriers at 16.88 percent (fourth best in the industry) followed by the Pacific regions' 14.53. Two other regions had ROE's in excess of 10 percent -- the New England and Central regions -- and no region had an ROE less than 6.7 percent.

All nine regions of medium size general freight carriers achieved returns on transportation investment greater than 10 percent in 1983, with two regions -- the Middlewestern and Southwestern -- at greater than 20 percent. The Southern region's return, at 25.19 percent, was second best in the industry. These margins are overall much better than those achieved by the smaller sized general freight carriers in Group A. The best improvements were noted in the Middle Atlantic and Central regions, overturning losses in 1982 into over 10 percent returns by 1983.

Liquidity and Leverage

Cash throw, or money generated from operations after cash operating expenses, improved for all regions with the exception, again, of the Pacific. The change in cash throw, by region, varied widely -- the

Middlewestern increasing cash throw almost 6 fold and the Middle Atlantic more than doubling cash throw. The New England region had the lowest cash throw gain of 6.1 percent. In the Pacific region, as mentioned, cash throw declined a minor 4.3 percent. Thus, the group's average cash throw gain of 44 percent had little meaning compared to actual results within the regions.

The improvements in working capital were less by percentage change but again showed improvement for the most part. The Pacific region showed a working capital decline as did the Central. On the other hand, though, carriers in both the Middle Atlantic and Middlewestern regions achieved positive working capital from a negative position a year earlier. In the Northwestern region working capital improved over 50 percent; in other regions, growth was more moderate.

The moderate growth in working capital is confirmed by the current ratio, which rose for this group from 1.35 in 1982 to 1.37. In five regions the current ratio improved; in four it slipped. The strongest current ratio in the group and industry was in New England at 1.87 in 1983. Following was the Southern region at 1.61, the Pacific at 1.58 and the Southwestern at 1.56. In the Middle Atlantic region the current ratio was lowest among Group B at 1.05, but it was a reverse of a negative current ratio (under 1.0) in 1982. For the other four regions the current ratio was in the 1.2 range.

Ability to fund cash operating expenses from working capital was positive in all regions of this group in 1983.

In 1982 it was negative in two regions. There was great variability with essentially three regions able to fund 30 or more days expenses from working capital, down to only 3 days in the Middle Atlantic region. However, the regions most in need of improvement achieved it in 1983.

Turning to debt levels and leverage, the medium size Group B general freight carriers became more leveraged in 1983 than in 1982 -- similar to the change noted for Group A. Whereas total assets for Group B grew 8.4 percent from 1982 to 1983, funded debt increased 10 percent.

Among the regions, all increased debt somewhat, except for New England where debt declined 30 percent. In four of the 8 remaining regions, the debt increase was small relative to asset growth; in the other four it was higher than asset growth. Funded debt increased most in the Middlewestern region (up 22.4 percent) and the Southern (up 19.8 percent). Other additions to debt levels were modest.

While interest expense outlays declined 5.6 percent for the group as a whole, it increased in three separate regions, most notably by 20.6 percent in the Rocky Mountain region and 9.3 percent in the Northwestern. The greatest reduction in interest expenses occurred in New England -- a 35.4 percent decline. Three other regions had declines in the 10 to 15 percent range from 1982 -- Middle Atlantic, Middlewestern and Southwestern.

The debt levels of the medium size general freight carriers are fractionally better than for Group A carriers. The Group B debt to equity ratio of 0.39 is modestly up from 0.38 in 1982. Within

regions, the debt to equity ratio increased in four, declined in four and was unchanged in the Southwestern. The highest leveraged region of Group B is the Middle Atlantic at a 0.62 debt to equity ratio -- an increase over 0.56 in 1982. No other region is higher than 0.48. The group's lowest debt to equity ratio is the New England carriers at 0.17 -- a drop from 0.24 in 1982.

Net debt to equity, considering working capital plus funded debt, is very sound for the group -- a negative 0.01 in both 1982 and 1983. Four regions have negative net debt to equity, led by the New England region at (0.48), lowest in the industry. The Middle Atlantic region shows up again as the group's highest leveraged at 0.28, followed by the Rocky Mountain carriers -- 0.20 -- and the Northwestern carriers -- 0.18.

Cash throw to total funded debt has improved fairly substantially for the group -- from 56.55 percent to 74.00 percent in total. Cash throw coverage of debt would have taken about two years in 1982, improving to about 1 1/2 years in 1983. With cash throw coverage of debt at 140.72 percent in 1983, the New England carriers could be debt free in well under one year. The Central region carriers could be debt free in about one year. In both the Middle Atlantic and Northwestern regions debt payoff would take approximately two years of applied cash throw, but in both cases this was an improvement over 1982 positions.

The interest expense to total funded debt "rate" declined for medium size general freight carriers in all regions except Rocky Mountain, and overall for the group from 15.44 percent in 1982 to 13.25 percent in

1983. Interest to debt ranged from 12.33 percent in the Southern region (the group's lowest) to 14.94 percent in the Central.

As a percent of revenues, interest expense for the group ranged from 0.36 percent for New England region carriers (lowest in the industry) to 1.16 percent in the Northwestern area. Most regions paid close to one percent of revenues for interest in 1983, a moderate improvement from a year earlier. With operating income rising in 1983, the interest to income burden fell from 68 percent in 1982 to 28.5 percent. The Southwestern region carriers were best off in the group by this measure, spending 18.9 percent of operating income for interest, followed by New England's 20.5 percent. Middle Atlantic carriers, on the other hand, require 57.8 percent of operating income for interest payments.

The debt situation of Group B carriers will likely increase in the upcoming years as they, too, replace equipment. Their fleet is not as old as for Group A carriers, but it is old nonetheless at 56.35 percent depreciated in 1983. In worse shape appears to be the New England carriers, with the oldest fleet in the industry at 70 percent depreciated (coinciding with the lowest debt level in the group). Equipment replacement will result in a reversal of both ratios. Also with a considerably aged fleet are the carriers in the Central, Middle Atlantic and Pacific regions. At the other end of the scale is the Rocky Mountain carriers whose fleet is only 41.87 percent depreciated.

Additions to property at cost were mostly offset by greater relative increases in depreciation reserve. In New

England and the Southwestern regions there was disinvestment as property at cost was reduced from 1982 to 1983 -- by almost 17 percent in the Southwestern. In terms of investment, the Southern and Rocky Mountain regions added more than 10 percent to property at cost, in both cases resulting in a reduction in average fleet age.

The low age of the Rocky Mountain fleet is explained, at least partially, by their extensive use of purchased transportation, which accounts for 42.6 percent of revenues -- the highest of any general freight carrier composite in Group A, B or C. In fact, the use of purchased transportation by Group B carriers in total, at 28.9 percent of revenues, is a marked increase compared to the 1970's -- where 3 to 4 percent of revenues went for purchased transportation. The lowest percentage among the carrier regions of Group B was 21 percent in the Northwestern region and in four regions (including the Rocky Mountain), purchased transportation is greater than 30 percent of revenues.

Group B carriers, the medium size general freight carriers, are in sum, in a better overall position than their smaller Group A counterparts. Their business levels were stronger, as was revenue growth and profitability. Liquidity was better and debt levels less. Their fleet was in somewhat better shape in terms of age and they are making extensive use of purchased transportation as a purchasing alternative. On the other hand, there is room for further improvement, especially in profitability, but this can be accomplished with a number of years of moderate growth.

Carrier Group B

Region Number Region Number of Carriers Year	1 New England 11 1983				2 Middle Atlantic 32 1983				3 Central 44 1983				4 Southern 45 1983			
	1982		1982		1982		1982		1982		1982		1982			
Income Statement	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%		
Income & Expense Data																
Gross Revenues	104.16	100.0	101.00	100.0	336.81	100.0	309.37	100.0	484.51	100.0	431.63	100.0	514.61	100.0		
Depreciation	2.35	2.3	2.37	2.4	8.82	2.6	9.12	2.9	13.82	2.9	15.16	3.5	19.75	3.8		
Purchased Transportation	31.18	29.9	29.53	29.5	90.15	26.8	79.53	25.7	120.92	25.0	96.97	22.5	160.30	31.1		
Total Operating Expenses	102.31	98.2	98.93	98.0	331.58	98.4	312.38	101.0	471.55	97.3	435.66	100.9	496.75	96.5		
Net Carrier Operating Income	1.85	1.8	2.07	2.0	5.24	1.6	3.01	1.0	12.96	2.7	4.03	0.9	17.86	3.5		
Interest Expense	0.38	0.4	0.59	0.6	3.03	0.9	3.43	1.1	3.29	0.7	3.60	0.8	5.26	1.0		
Net Income Before Taxes	2.27	2.2	2.38	2.4	4.71	1.4	2.11	0.7	10.24	2.1	1.11	0.3	18.08	3.5		
Income Taxes-Current	0.48	0.5	0.85	0.8	2.39	0.7	2.15	0.7	2.69	0.6	1.72	0.4	5.70	1.1		
Deferred Income Taxes	0.02	0.0	0.01	0.0	0.16	0.0	0.35	0.1	0.42	0.1	0.98	0.2	1.44	0.3		
Other Adjustments To Income	0.00	0.0	0.00	0.0	0.39	0.1	0.00	0.0	0.33	0.1	0.09	0.0	0.00	0.0		
Income Before Extra Items	1.81	1.7	1.54	1.5	2.55	0.8	4.61	1.5	7.46	1.5	1.75	0.4	10.94	2.1		
Extraordinary Items	0.08	0.1	0.08	0.1	0.06	0.0	0.00	0.0	6.96	1.4	0.09	0.0	0.02	0.0		
Net Income After Taxes	1.73	1.7	1.46	1.4	2.62	0.8	4.61	1.5	14.42	3.0	1.84	0.4	10.96	2.1		

Balance Sheet

Assets																
Cash	7.92	24.4	6.30	20.1	17.32	15.5	13.98	14.1	26.82	15.7	29.66	18.3	34.46	15.4	33.83	17.3
Receivables From Affiliates	0.21	0.6	0.25	0.8	5.83	5.2	5.07	5.1	5.57	3.3	4.42	2.7	6.29	2.8	7.22	3.7
Notes & Accounts Receivable	13.58	41.9	11.90	37.9	32.38	29.0	24.10	24.2	44.64	26.2	33.30	20.6	44.61	19.9	34.42	17.6
Prepaid Expenses	0.48	1.5	0.48	1.5	3.77	3.4	2.94	3.0	5.04	3.0	4.15	2.6	7.01	3.1	5.43	2.8
Materials & Supplies	0.34	1.1	0.42	1.3	2.37	2.1	2.52	2.5	3.27	1.9	3.24	2.0	3.79	1.7	3.05	1.6
Other Current Assets	0.13	0.4	0.08	0.3	0.26	0.2	0.28	0.3	0.15	0.1	0.35	0.2	0.17	0.1	0.37	0.2
Total Current Assets	22.66	69.9	19.43	61.9	61.93	55.4	48.90	49.2	85.49	50.1	75.13	46.5	96.33	42.9	84.32	43.1
Carrier Operating Property	25.52	78.7	26.30	83.8	95.13	85.1	89.59	90.1	169.48	99.3	158.35	97.9	209.82	93.5	184.36	94.1
Reserve For Depreciation	18.05	55.7	16.50	52.5	56.83	50.8	53.11	53.4	107.03	62.7	99.73	61.7	110.61	49.3	98.44	50.3
Carrier Operating Property Net	7.46	23.0	9.80	31.2	38.30	34.3	36.47	36.7	62.45	36.6	58.62	36.3	99.21	44.2	85.92	43.9
Total Tangible Property	8.25	25.5	10.63	33.8	43.22	38.7	43.05	43.3	67.52	39.6	64.45	39.9	101.09	45.1	87.38	44.6
Intangibles	0.05	0.2	0.08	0.2	0.80	0.7	0.84	0.8	3.39	2.0	2.98	1.8	0.76	0.3	0.76	0.4
Other Assets	1.45	4.5	1.26	4.0	5.82	5.2	6.66	6.7	14.30	8.4	19.13	11.8	26.18	11.7	23.36	11.9
Total Assets	32.42	100.0	31.40	100.0	111.77	100.0	99.45	100.0	170.69	100.0	161.69	100.0	224.36	100.0	195.83	100.0
Liabilities & Equity																
Payables To Affiliates	0.01	0.0	0.03	0.1	4.16	3.7	3.29	3.3	7.88	4.6	7.18	4.4	3.84	1.7	4.25	2.2
Notes Payable	0.01	0.0	0.00	0.0	1.40	1.3	1.16	1.2	6.21	3.6	4.51	2.8	4.97	2.2	4.54	2.3
Accounts Payable	5.49	16.9	3.97	12.6	21.18	19.0	16.62	16.7	25.00	14.6	17.28	10.7	24.81	11.1	17.86	9.1
Misc Payables & Accruals	1.89	5.8	1.52	4.8	7.36	6.6	5.08	5.1	5.83	3.4	6.63	4.1	5.85	2.6	4.13	2.1
Taxes Payable	0.87	2.7	0.58	1.8	3.48	3.1	2.78	2.8	2.57	1.5	2.29	1.4	0.64	0.3	2.26	1.2
Funded Debt Due Within One Year	0.80	2.5	1.19	3.8	6.73	7.8	8.83	8.9	6.53	3.8	6.17	3.8	10.41	4.6	9.82	5.0
Other Current Liabilities	3.05	9.4	2.90	9.2	12.81	11.5	11.81	11.9	16.71	9.8	16.26	10.1	9.48	4.2	6.38	4.3
Total Current Liabilities	12.12	37.4	10.16	32.4	59.13	52.9	49.56	49.8	70.74	41.4	60.33	37.3	60.00	26.7	51.24	26.2
Advances Payable	0.02	0.1	0.02	0.1	2.98	2.7	3.53	3.5	13.18	7.7	19.21	11.9	3.40	1.5	0.72	0.4
Funded Debt Due After One Year	2.15	6.6	3.02	9.6	12.15	10.9	9.80	9.9	15.52	9.1	15.32	9.5	32.24	14.4	25.75	13.2
Total Long Term Debt	2.17	6.7	3.04	9.7	15.14	13.5	13.33	13.4	28.70	16.8	34.53	21.4	35.64	15.9	26.47	13.5
Total Funded Debt	2.94	9.1	4.21	13.4	20.88	18.7	18.63	18.7	22.05	12.9	21.49	13.3	42.65	19.0	35.57	18.2
Reserves & Est. Liabilities	0.25	0.8	0.25	0.8	1.17	1.0	1.08	1.1	1.73	1.0	3.03	1.9	1.18	0.5	1.21	0.6
Account Deferred Tax Credits	0.53	1.6	0.54	1.7	2.54	2.3	2.37	2.4	1.48	0.9	1.31	0.8	7.26	3.2	5.24	2.7
Total Liabilities	15.07	46.5	13.99	44.5	77.98	69.8	66.35	66.7	102.64	60.1	99.20	61.4	104.08	46.4	84.16	43.0
Stockholders' Equity	17.35	53.5	17.41	55.5	33.80	30.2	33.10	33.3	68.05	39.9	62.49	38.6	120.27	53.6	111.67	57.0
Total Capital	19.52	60.2	20.45	65.1	48.93	43.8	46.43	46.7	96.75	56.9	97.02	60.0	155.91	69.5	138.14	70.5
Total Liabilities & Equity	32.42	100.0	31.40	100.0	111.77	100.0	99.45	100.0	170.69	100.0	161.69	100.0	224.36	100.0	195.83	100.0

Analytical Data

Analytical Data	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS
Operating Performance								
Gross Revenues To Equity	6.00	5.80	9.97	9.35	7.12	6.91	4.28	4.11
Gross Revenues To Total Capital	5.34	4.94	6.88	6.66	5.01	4.45	3.30	3.32
Gross Revenues To Net Carr Oper Prop	13.95	10.30	8.79	8.48	7.76	7.36	5.19	5.34
Gross Revenues To Carr Oper Prop (Cost)	4.08	3.84	3.54	3.45	2.86	2.73	2.45	2.49
Pre-Tax Income To Gross Revenues, %	2.18	2.36	1.40	0.68	2.11	0.26	3.51	2.71
Pre-Tax Income To Total Capital, %	11.61	11.65	9.62	4.54	10.58	1.15	11.60	9.00
After Tax Income To Gross Revenues, %	1.74	1.52	0.76	1.49	1.54	0.41	2.13	1.62
After Tax Income To Equity, %	10.42	8.84	7.55	13.91	10.56	2.80	9.10	6.65
Return On Transportation Investment, %	10.26	10.86	12.74	8.41	16.79	5.48	13.18	12.14
Expense Ratio, %	98.59	98.53	99.35	102.08	98.00	101.77	97.55	97.99
Operating Ratio, %	98.23	97.95	98.45	100.97	97.32	100.93	96.53	96.85
Average Revenue Per Carrier	9.47	9.18	10.53	9.67	11.01	9.81	11.44	10.20
Net Income Per Carrier	0.16	0.14	0.08	0.14	0.17	0.04	0.24	0.16
Liquidity								
Cash Throw Off, Dollars	4.14	3.90	11.14	4.86	21.36	12.33	32.13	26.88
Working Capital, Dollars	10.55	9.27	2.80	0.66	14.75	14.80	36.33	33.09
Current Ratio	1.87	1.91	1.05	0.99	1.21	1.25	1.61	1.65
Days Cash Oper Exp In Work Cap	38.48	34.95	3.17	0.80	11.74	12.84	27.71	28.17
Average Days Collection Period	47.59	43.02	35.09	28.43	33.63	28.16	31.64	27.37
Leverage & Debt Service								
Funded Debt To Equity	0.17	0.24	0.62	0.56	0.32	0.34	0.35	0.32
Net Debt To Equity	0.48	0.36	0.28	0.32	0.01	0.01	0.03	0.07
Funded Debt To Tangible Net Worth	0.17	0.24	0.63	0.58	0.34	0.36	0.36	0.32
Cash Throw To Funded Debt Due In One Year, %	520.70	328.49	127.57	55.02	326.94	199.67	308.75	273.87
Cash Throw To Total Funded Debt, %	140.72	92.83	53.33	26.08	96.86	57.37	75.34	75.58
Interest To Total Funded Debt, %	12.95	14.03	14.52	18.42	14.94	16.73	12.33	14.64
Carrier Property (Net) To Equity	0.43	0.56	1.13	1.10	0.92	0.94	0.82	0.77
Additional Ratios								
Receivables To Payables	2.47	3.00	1.43	1.36	1.43	1.53	1.50	1.54
Deprec To Debt Due In One Year	2.96	2.00	1.01	1.03	2.11	2.45	1.90	1.89
Total Tang Prop To Equity	0.48	0.61	1.28	1.30	0.99	1.03	0.84	0.78
Income Before Extra Items Etc To Equity, %	10.42	8.84	7.55	13.91	10.96	2.80	9.10	6.65
Gross Revenues To Total Tang Prop	12.62	9.50	7.79	7.19	7.18	6.70	5.09	5.25
Productivity Measures (Int-City Carr Only)								
Total Payroll To Revenues, %	30.59	31.31	28.90	31.24	31.10	37.17	24.23	25.66
Total Payroll (WPT) To Revenues, %	55.01	55.50	53.73	54.89	53.11	54.77	51.22	51.98
Cargo Handler Compen To Revenues, %	3.76	3.47	3.36	3.78	4.09	4.95	2.79	2.97
Linehaul Expenses To Revenues, %	31.36	32.22	43.33	42.48	48.65	46.34	53.35	52.52
Revenue Per Ton-Mile, Cents	22.61	21.30	19.98	20.51	22.71	23.93	14.90	14.90
Average Load, Tons	10.21	10.59	11.51	11.17	9.58	9.38	10.85	10.14
Total Tons, Thouas	1,478.35	1,543.41	5,302.15	4,943.13	8,634.70	7,719.07	9,056.30	8,505.97
Total Miles, Thouas	40,860.22	40,743.38	120,146.83	111,727.05	185,403.83	161,398.39	269,026.72	239,116.90

5 Northwestern 9 1983				6 Middlewestern 19 1983				7 Southwestern 20 1983				8 Rocky Mountain 10 1983				9 Pacific 32 1983				Total All Regions 222 1983			
1982				1982				1982				1982				1982				1982			
IN MIL	%	\$ IN MIL	%	IN MIL	%	\$ IN MIL	%	IN MIL	%	\$ IN MIL	%	IN MIL	%	\$ IN MIL	%	IN MIL	%	\$ IN MIL	%	IN MIL	%	\$ IN MIL	%
121.46	100.0	104.19	100.0	213.73	100.0	205.64	100.0	237.53	100.0	251.78	100.0	133.03	100.0	126.64	100.0	334.63	100.0	316.03	100.0	2,480.47	100.0	2,305.17	100.0
4.71	3.9	4.42	4.2	6.15	2.9	6.31	3.1	7.65	3.2	7.68	3.1	4.76	3.6	4.40	3.5	6.64	2.6	7.81	2.5	76.64	3.1	75.83	3.3
25.47	21.0	18.11	17.4	66.79	31.2	63.52	30.9	85.01	35.8	77.14	30.6	56.66	42.6	53.20	42.0	81.55	24.4	68.83	21.8	718.03	28.9	628.13	27.2
117.98	97.1	103.99	99.8	205.07	95.9	203.59	99.0	223.14	93.9	245.23	97.4	129.52	97.4	123.94	97.9	322.43	96.4	301.36	95.4	2,400.33	96.8	2,269.53	98.5
3.47	2.9	0.20	0.2	8.66	4.1	2.05	1.0	14.39	6.1	6.55	2.6	3.51	2.6	2.69	2.1	12.20	3.6	14.67	4.6	80.15	3.2	35.64	1.5
1.41	1.2	1.29	1.2	1.94	0.9	2.29	1.1	2.72	1.1	3.15	1.3	1.49	1.1	1.24	1.0	3.33	1.0	3.41	1.1	22.86	0.9	24.20	1.0
2.31	1.9	0.24	0.2	7.44	3.5	2.55	1.2	9.49	4.0	3.05	1.2	3.60	2.7	2.65	2.1	12.03	3.6	14.38	4.6	70.17	2.8	28.88	1.3
0.69	0.6	0.08	0.1	1.60	0.7	1.83	0.9	2.25	0.9	1.43	0.6	0.68	0.5	0.67	0.5	2.71	0.8	3.41	1.1	19.19	0.8	16.08	0.7
0.07	0.1	0.00	0.0	0.19	0.1	0.00	0.0	0.48	0.2	0.03	0.0	0.01	0.0	0.04	0.0	0.07	0.0	0.06	0.0	0.26	0.1	0.07	0.0
0.00	0.0	0.00	0.0	0.08	0.0	0.65	0.3	3.48	1.5	0.30	0.1	0.11	0.1	0.59	0.5	0.07	0.0	0.41	0.1	2.72	0.1	1.16	0.1
1.56	1.3	0.15	0.1	5.72	2.7	5.03	2.4	2.28	1.4	1.36	0.5	2.79	2.1	1.34	1.1	9.47	2.8	11.44	3.6	45.58	1.8	11.57	0.5
0.02	0.0	0.00	0.0	0.34	0.2	0.00	0.0	0.00	0.0	6.78	2.7	0.06	0.0	0.00	0.0	0.89	0.3	0.17	0.1	8.27	0.3	6.76	0.3
1.58	1.3	0.15	0.1	6.07	2.8	5.03	2.4	3.28	1.4	5.42	2.2	2.85	2.1	1.34	1.1	10.36	3.1	11.62	3.7	53.86	2.2	4.81	0.2
6.56	13.1	4.99	11.0	9.92	13.1	7.32	10.6	19.44	18.0	15.17	15.1	3.22	5.1	5.80	9.9	18.36	13.7	19.59	14.9	144.03	14.9	136.65	15.3
0.43	0.9	0.26	0.6	2.56	3.4	3.65	5.3	11.21	10.4	11.46	11.4	1.78	2.8	1.03	1.8	8.71	6.5	14.51	11.0	42.58	4.4	47.86	5.4
12.15	24.3	9.73	21.5	19.18	25.4	18.31	26.5	25.99	24.1	24.16	24.0	13.49	21.5	11.23	19.2	34.61	25.9	29.46	22.3	240.63	24.8	196.61	22.0
1.24	2.5	1.24	2.7	2.81	3.7	2.39	3.5	3.29	3.1	3.31	3.3	2.66	4.2	2.21	3.8	5.19	3.9	4.86	3.7	31.49	3.3	27.02	3.0
0.97	1.9	0.93	2.1	1.18	1.6	0.93	1.3	2.23	2.1	1.98	2.0	0.70	1.1	0.65	1.1	2.37	1.8	2.10	1.6	17.21	1.8	15.83	1.8
0.16	0.3	0.18	0.4	0.14	0.2	0.11	0.2	0.26	0.3	0.72	0.7	0.52	0.8	0.83	1.4	1.03	0.8	0.68	0.5	2.85	0.3	3.61	0.4
21.52	43.1	17.32	38.4	35.79	47.4	32.72	47.3	62.43	58.0	56.80	56.5	22.38	35.7	21.75	37.3	70.27	52.5	71.19	54.0	478.79	49.4	427.58	47.9
54.68	109.5	51.92	114.9	65.79	87.1	62.93	91.0	67.43	62.6	81.18	80.7	43.92	70.0	39.18	67.1	98.65	73.7	92.76	70.3	830.42	85.7	786.57	88.0
30.17	60.4	27.15	60.1	36.34	48.1	35.76	51.7	32.74	30.4	42.28	42.0	18.39	29.3	17.46	29.9	57.78	43.2	51.27	38.9	467.94	48.3	441.72	49.4
24.51	49.1	24.77	54.8	29.45	39.0	27.17	39.3	34.69	32.2	38.90	38.7	25.53	40.7	21.72	37.2	40.87	30.5	41.49	31.5	362.47	37.4	344.86	38.6
25.28	50.6	25.44	56.3	29.48	39.0	27.20	39.4	35.69	33.1	40.30	40.1	31.45	50.1	25.19	43.2	47.30	35.3	46.16	35.0	389.28	40.2	369.80	41.4
0.12	0.2	0.11	0.2	0.52	0.7	0.54	0.8	4.99	4.6	0.41	0.4	1.30	2.1	1.39	2.4	1.32	1.0	1.47	1.1	13.25	1.4	8.58	1.0
3.02	6.0	2.30	5.1	9.73	12.9	8.66	12.5	4.61	4.3	3.06	3.0	7.59	12.1	10.04	17.2	14.97	11.2	13.09	9.9	87.67	9.0	87.55	9.8
49.94	100.0	45.17	100.0	75.51	100.0	69.12	100.0	107.72	100.0	100.56	100.0	62.72	100.0	58.36	100.0	133.85	100.0	131.91	100.0	968.99	100.0	893.51	100.0
0.01	0.0	0.03	0.1	0.85	1.1	0.79	1.1	8.53	7.9	7.83	7.8	0.70	1.1	0.89	1.5	5.62	4.2	6.24	4.7	31.60	3.3	30.54	3.4
1.35	2.7	0.75	1.7	1.03	1.4	0.81	1.2	2.83	2.6	1.62	1.6	1.48	2.4	1.24	2.1	0.94	0.7	1.04	0.8	20.23	2.1	15.67	1.8
6.82	13.6	6.04	13.4	13.04	17.3	13.34	19.3	8.77	8.1	8.19	8.1	9.21	14.7	8.88	15.2	18.28	13.7	14.66	11.1	132.60	13.7	106.84	12.0
1.36	2.7	1.19	2.6	2.22	2.9	1.94	2.8	1.54	1.4	1.66	1.6	1.24	2.0	1.06	1.8	2.89	2.2	2.90	2.2	30.18	3.1	26.11	2.9
0.86	1.7	0.27	0.6	2.39	3.2	2.33	3.4	3.35	3.1	4.82	4.8	0.76	1.2	0.58	1.0	1.91	1.4	1.48	1.1	16.84	1.7	17.38	1.9
2.48	5.0	2.32	5.1	5.25	7.0	4.25	6.1	5.69	5.3	8.97	8.9	2.52	4.0	3.07	5.3	7.10	5.3	6.55	5.0	49.51	5.1	51.17	5.7
4.34	8.7	3.87	8.6	3.38	4.5	10.51	15.2	9.30	8.6	5.44	5.4	2.59	4.1	2.50	4.3	7.74	5.8	8.11	6.1	69.40	7.2	69.77	7.8
17.21	34.5	14.47	32.0	28.17	37.3	33.98	49.2	40.02	37.1	38.52	38.3	18.50	29.5	18.22	31.2	44.48	33.2	40.98	31.1	350.36	36.2	317.46	35.5
0.71	1.4	0.49	1.1	2.60	3.4	1.71	2.5	1.50	1.4	1.71	1.7	0.64	1.0	0.16	0.3	1.47	1.1	2.62	2.0	26.50	2.7	30.17	3.4
8.43	16.9	7.57	16.8	8.36	11.1	6.86	9.9	15.90	14.8	11.85	11.8	9.62	15.3	8.18	14.0	18.57	13.9	17.21	13.0	122.94	12.7	105.57	11.8
9.14	18.3	8.07	17.9	10.96	14.5	8.58	12.4	17.40	16.1	13.56	13.5	10.26	16.4	8.34	14.3	20.04	15.0	19.82	15.0	149.44	15.4	135.73	15.2
10.91	21.8	9.90	21.9	13.61	18.0	11.11	16.1	21.59	20.0	20.82	20.7	12.14	19.4	11.24	19.3	25.67	19.2	23.76	18.0	172.45	17.8	156.73	17.5
0.28	0.6	0.20	0.4	0.32	0.4	0.83	1.2	0.37	0.3	0.05	0.1	1.56	2.5	1.97	3.4	1.62	1.2	2.11	1.6	8.49	0.9	10.73	1.2
0.35	0.7	0.72	1.6	2.16	2.9	1.82	2.6	1.30	1.2	1.10	1.1	2.95	4.7	2.74	4.7	2.56	1.9	2.53	1.9	21.14	2.2	18.39	2.1
26.98	54.0	23.46	51.9	41.61	55.1	45.21	65.4	59.09	54.9	53.23	52.9	33.28	53.1	31.27	53.6	68.71	51.3	65.44	49.6	529.42	54.6	482.31	54.0
22.96	46.0	21.72	48.1	33.90	44.9	23.91	34.6	48.64	45.1	47.33	47.1	29.44	46.9	27.09	46.4	65.14	48.7	66.46	50.4	439.56	45.4	411.19	46.0
32.10	64.3	29.78	65.9	44.86	59.4	32.49	47.0	66.03	61.3	60.89	60.5	39.71	63.3	35.43	60.7	85.19	63.6	86.29	65.4	589.00	60.8	546.92	61.2
49.94	100.0	45.17	100.0	75.51	100.0	69.12	100.0	107.72	100.0	100.56	100.0	62.72	100.0	58.36	100.0	133.85	100.0	131.91	100.0	968.99	100.0	893.51	100.0
1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS

General Freight Carriers With Revenues Greater Than \$25 Million Annually

Carrier Group C, the larger general freight carrier, is further separated into two subgroups -- those with revenues between \$25 million and \$100 million (called Group C-1) and the largest general freight carriers with revenues in excess of \$100 million annually (C-2). Both

groups are further separated by length of haul, two length of haul categories for C-1 and four for C-2. The analysis will address the C-1 group first, followed by C-2. For convenience of presentation, note that the letters ALOH stand for "average length of haul."

C-1: General Freight Carriers with Revenues between \$25 Million and \$100 Million Annually

Operating Performance

General freight carriers in this subgroup travelled 7.3 percent more miles than in 1982, handled 5.5 percent more tonnage and received 7.9 percent more revenues. The carriers with an average length of haul less than 250 miles had slightly better business improvements than their longer haul (ALOH greater than 250 mile) counterparts. The shorter haul carriers handled 7.8 percent more tonnage than in 1982, producing a revenue increase of 10.7 percent. The longer haul carriers tonnage rose 4.4 percent and revenues 6.7 percent.

The subgroup improved operating profits 84.8 percent as expense increases of 6.1 percent were more than offset by revenue gains. The shorter haul firms, with expenses increasing 6.9 percent and revenues 10.7 percent, showed operating profits increasing 130.9 percent. Net income for these firms jumped 311 percent. Compared to the 6.7 percent revenue rise for the longer haul carriers, expenses increased 5.7 percent, operating profits grew 56 percent and final net 159.0 percent.

The shorter haul carriers achieved a very sound operating ratio in 1983 of 93.67, the best in the industry, and down appreciably from 96.96 in 1982. Improvement was much less for the longer haul carriers, reducing their operating ratio only to 97.03 from 97.96. The net profit margin of the shorter haul firms was a healthy 3.34 percent, from 0.92 percent in 1982. For longer haul carriers, their net profit margin, although improved, is still inadequate at 1.30 percent.

Return on equity for the subgroup of general freight carriers increased to 11.32 percent in 1983 from 3.93 percent. The shorter haul firms' ROE of 15.25 percent was almost double the ROE of the longer haul group (8.77 percent). Similarly, their return on transportation investment of 25.18 percent almost doubles the 13.80 percent return of longer haul carriers. Both length of haul groupings improved returns over 1982.

Liquidity and Leverage

The liquidity and leverage of this subgroup showed reasonable improvement over

1982, again more so for the shorter length of haul firms. Cash throw, which grew 36 percent for the subgroup, increased 50 percent for the shorter haul firms and only 27.6 percent for the longer haul group. Working capital grew 55.5 percent for shorter haul carriers, but only 9 percent for longer haul firms. The current ratio, which increased from 1.30 in 1982 to 1.35 in 1983 for the subgroup, hardly improved at all for the longer haul carriers (from 1.27 to 1.28), but improved strongly in the short haul arena -- from 1.38 to 1.52. The days of cash operating expenses in working capital for the shorter haul firms was 26.2 days in 1983, almost double that of the longer haul companies.

Leverage for the subgroup declined in a relative sense in that a very minor increase in funded debt (0.1 percent) was substantially less than asset growth of 7.2 percent. The longer haul firms reduced funded debt in absolute terms by 0.21 percent compared to a 5.3 percent increase in assets; the shorter haul carriers increased debt 0.7 percent while asset growth reached 11.2 percent. Both length of haul groups reduced interest expense from 1982 to 1983, by 18 percent for shorter haul carriers and 7.6 percent for their longer haul counterparts.

The leverage position of the shorter haul carriers is much sounder than for longer haul firms. Their funded debt to equity was 0.34 in 1983, down from 0.38 a year earlier. The longer haul firm's funded debt to equity improved from 0.65 to 0.60 but, again, is almost twice the debt level of shorter haul companies. Net

debt to equity is a negative 0.01 for the shorter haul group, but a somewhat high 0.24 for the longer haul firms. The shorter haul firms could be debt free in about one year if all cash throw were applied to debt retirement. Their longer haul counterparts would need two years to be debt free.

The interest burden is also less for shorter haul companies. Their interest to funded debt "rate" is 13.15 percent compared to 14.57 percent for the longer haul group. Interest for the shorter haul carriers absorbs 0.97 percent of revenues and 15.3 percent of operating income (among the industry's lowest). For the longer haul firms, interest payments require 1.31 percent of revenues and 44 percent of operating income.

On the other hand, the fleet of the longer haul carriers appears to be in better shape than for shorter haul firms -- 49.39 percent depreciated versus 58.91 percent. Both length of haul groups invested about 5 percent more in carrier operating property at cost from 1982 to 1983, but the shorter haul group increased their depreciation reserve by 10 percent. The longer haul general freight carriers in this subgroup utilized purchased transportation far more extensively than the short haul firms, with purchased transportation accounting for 25.9 percent of revenues compared to 6.4 percent in the short haul operations.

In summary for the general freight carriers with revenues between \$25 and \$100 million, both length of haul groups registered improvement over 1982, but the shorter length of haul firms showed much greater improvement than the longer haul carriers.

C-2: General Freight Carriers With Revenues Greater Than \$100 Million Annually

This subgroup of firms, the largest of the general freight carriers, is also the most profitable group in the general freight segment. As has been evident throughout this analysis, though, there is variation among the more finely tuned carrier break-outs. The most profitable and healthiest carriers in the C-2 subgroup are those with an average length of haul greater than 750 miles, one of the four ALOH categories into which carriers in this subgroup are separated.

Operating Performance

Business levels in the C-2 subgroup indicated no exceptional growth from 1982 to 1983 compared to other general freight grouping. Overall the subgroup improved mileage 4 percent and tonnage 6.7 percent. Carriers in two of the length of haul categories outperformed the others. Those with a ALOH less than 250 miles saw mileage increase 19.2 percent from 1982, tons by 20.1 percent and revenues by 15.4 percent. Correspondingly, firms with an ALOH between 500 and 750 miles had a revenue growth of 16.4 percent on the strength of a tonnage increase of 17.1 percent and mileage gain of 11.4 percent. Of note is the long haul group (ALOH greater than 750 miles). Unlike the firms within the other three ALOH categories, this group showed virtually no mileage growth, a decline in tonnage of 1.3 percent, but were nonetheless able to generate an 8.1 percent revenue increase.

Profitability for the C-2 group showed healthy gains

across the spectrum of categories. In total, compared to the 10.2 percent revenue rise, expenses rose but 6.4 percent, operating profits 271.4 percent and final net 347.7 percent. The shortest haul group, under 250 miles, generated 1983 profits after a loss in 1982, dropping their operating ratio from 100.06 to 96.03 and increasing their profit margin to 1.35 percent from a negative 0.66 percent in 1982. The ALOH group between 250 and 500 miles increased operating profits a misleadingly large 874 percent because in ratio standing their 1983 operating ratio of 97.61 is the highest among the four ALOH categories and their profit margin of 0.45 percent is the lowest.

The two longer haul carrier groups achieved sound 1983 operating ratios -- 95.09 for the 500 - 750 mile ALOH group and 94.39 for those averaging over 750 miles in haul. The over 750 mile group's profit margin of 3.67 percent is also superior to other general freight groups and, in fact, is the best in the industry. The 2.20 percent profit margin for carriers in the 500 - 750 ALOH group is comparable to the industry average in 1983, although a marked improvement over 1982.

In return on equity, all the C-2 subgroups achieved improvements, most notably for the shortest haul firms (9.16 percent in 1983 compared to a negative 4.15 percent in 1982) and the two longer haul groups -- 10.47 percent in 1983 versus 1.00 percent in 1982 for the 500 - 750 mile ALOH group and 14.93 percent versus 5.49

percent for the 750 mile and greater group. These 1983 returns are healthy but not spectacular. The same applies to return on transportation investment. All length of haul categories registered nice gains, with the short haul and long haul carriers' return at just over 20 percent. Profit growth but continuing subpar margins affect the carriers in the 250 - 500 mile ALOH category.

Liquidity and Leverage

Liquidity and leverage improved for the most part for all the carrier categories in the C-2 group. Cash throw increased 43.6 percent overall, from a growth high of 67 percent for the less than 250 ALOH category to a low increase of 33 percent in the 250 - 500 mile group. Working capital also increased in total by 11.1 percent, with largest gains registered in the 250 - 500 mile ALOH group (up 64 percent). The long haul carriers, on the other hand, saw working capital decline 6.6 percent from 1982 to 1983, but their 1983 current ratio of 1.35 is more than adequate. The group's highest current ratio is in the 250 - 500 mile category at 1.43 in 1983, and the lowest current ratio is 1.29 for the short haul carriers. All groups are in sound position by this measure.

The carriers ability to cover cash operating expenses from working capital improved in all the groups except for the longer haul carriers but their position in 1983, with working capital able to cover 21 days cash operating expenses, is the best among the group. The soundest improvement in this area was achieved within the 250 - 500 mile ALOH group, improving coverage from un-

der 12 days in 1982 to 19 1/2 days by 1983.

The 1983 level of funded debt declined in both the short haul and long haul carrier groups -- by an impressive 23 percent in the long haul category. The two medium length of haul groups increased debt levels, and in the instance of the 250 - 500 mile ALOH group, by more than asset growth. This ALOH subgroup, however, saw a significant drop in its interest expense, which declined almost 19 percent from 1982. Interest expense also declined for the other ALOH categories, by a range of 5.2 percent to 9.1 percent.

The group overall is in a sound position in funded debt levels. Funded debt to equity fell to 0.24 in 1983 from 0.30 in 1982. Highest leveraged is the group of 250 - 500 ALOH carriers, with funded debt to equity at 0.43. The best result applies to the long haul carriers over 750 miles ALOH, with a 0.20 debt to equity ratio.

Looking at cash throw to funded debt, the two longer haul carrier categories are in a much sounder position than their shorter haul counterparts. With cash throw coverage well over 100, both longer haul carrier groups could be debt free in well under one year. For the two shorter haul categories, becoming debt free would require 2 or more years of applied cash throw.

The interest expense as a percent of funded debt does not appear burdensome for any of the four ALOH categories although it is fairly high (at 17.46 percent) for the shortest haul carriers. The lowest interest expense relative to debt is 12.28 percent for carriers in the 500 - 750 mile ALOH category. Com-

Carrier Group C

Length of Haul Number of Carriers Year	Carriers with Revenues between \$25,000,000 and \$100,000,000										Sub-Total, Group C-1			Carriers with Revenues over \$100,000,000					
	250 Miles and Under					251 Miles and Over					77			250 Miles and Under					
	1983		1982			1983		1982			1983		1982		1983		1982		
\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL		%	\$ IN MIL	%	\$ IN MIL		%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%		
Income Statement																			
Income & Expense Data																			
Gross Revenues	1,147.76	100.0	1,036.97	100.0		2,616.19	100.0	2,451.71	100.0		3,763.95	100.0	3,488.68	100.0		720.19	100.0	623.84	100.0
Depreciation	42.37	3.7	43.67	4.2		82.46	3.2	81.61	3.3		124.80	3.3	125.28	3.6		12.17	1.7	11.77	1.9
Purchased Transportation	73.96	6.4	55.28	5.3		678.07	25.9	639.33	26.1		752.03	20.0	694.61	19.9		186.92	26.0	133.77	21.4
Total Operating Expenses	1,075.07	93.7	1,005.50	97.0		2,538.41	97.0	2,401.77	98.0		3,613.48	96.0	3,407.27	97.7		691.61	96.0	624.23	100.1
Net Carrier Operating Income	72.69	6.3	31.48	3.0		77.78	3.0	49.93	2.0		150.48	4.0	81.41	2.3		28.58	4.0	0.40	0.1
Interest Expense	11.14	1.0	13.59	1.3		34.19	1.3	36.99	1.5		45.33	1.2	50.58	1.4		4.51	0.6	4.75	0.8
Net Income Before Taxes	65.63	5.7	23.33	2.2		48.66	1.9	22.61	0.9		114.29	3.0	45.94	1.3		7.67	1.1	4.35	0.7
Income Taxes-Current	25.69	2.2	12.21	1.2		13.36	0.5	11.95	0.5		39.06	1.0	24.15	0.7		8.45	1.2	0.60	0.1
Deferred Income Taxes	2.47	0.2	1.79	0.2		4.56	0.2	1.50	0.1		7.03	0.2	0.28	0.0		6.73	0.9	2.09	0.3
Other Adjustments To Income	0.88	0.1	0.19	0.0		3.33	0.1	1.14	0.0		4.21	0.1	1.33	0.0		3.74	0.5	2.94	0.5
Income Before Extra Items	38.36	3.3	9.53	0.9		34.06	1.3	13.30	0.5		72.42	1.9	22.83	0.7		9.70	1.3	4.09	0.7
Extraordinary Items	0.06	0.0	0.22	0.0		1.42	0.1	0.70	0.0		1.48	0.0	0.92	0.0		0.00	0.0	0.00	0.0
Net Income After Taxes	38.30	3.3	9.31	0.9		32.64	1.2	12.60	0.5		70.94	1.9	21.91	0.6		9.70	1.3	4.09	0.7

Balance Sheet

Assets																		
Cash	66.40	13.2	47.77	10.6		76.57	7.5	77.22	8.0		142.96	9.4	124.99	8.8	6.37	2.3	7.19	2.7
Receivables From Affiliates	15.27	3.0	17.75	3.9		44.81	4.4	64.37	6.7		60.08	4.0	82.12	5.8	41.65	14.7	27.28	10.3
Notes & Accounts Receivable	100.36	19.9	79.11	17.5		233.05	23.0	196.38	20.4		333.41	22.0	275.48	19.5	62.55	22.1	41.22	15.6
Prepaid Expenses	17.30	3.4	10.78	2.4		40.53	4.0	35.37	3.7		57.84	3.8	46.15	3.3	4.88	1.7	5.08	1.9
Materials & Supplies	12.90	2.6	12.06	2.7		21.83	2.2	18.61	1.9		34.73	2.3	30.67	2.2	4.77	1.7	8.46	2.4
Other Current Assets	5.82	1.2	4.46	1.0		6.22	0.6	7.20	0.7		12.04	0.8	11.67	0.8	0.85	0.3	0.67	0.3
Total Current Assets	218.05	43.3	171.93	38.0		423.01	41.7	399.15	41.4		641.06	42.2	571.08	40.3	120.87	42.8	87.90	33.2
Carrier Operating Property	521.98	103.8	497.60	110.0		933.05	92.0	887.68	92.2		1,455.04	96.9	1,385.28	97.9	216.97	76.7	220.58	83.3
Reserve For Depreciation	307.51	61.1	279.06	61.7		460.84	45.4	437.98	45.5		768.35	50.6	717.04	50.7	104.91	37.1	96.40	36.4
Carrier Operating Property Net	214.48	42.6	218.54	48.3		472.21	46.6	449.70	46.7		686.68	45.3	668.24	47.2	112.07	39.6	124.17	46.9
Total Tangible Property	219.45	43.6	223.06	49.3		477.85	47.1	456.93	47.4		697.30	46.0	679.99	48.0	112.81	39.9	124.84	47.1
Intangibles	7.20	1.4	5.55	1.2		10.64	1.0	11.13	1.2		17.83	1.2	16.68	1.2	2.61	0.9	2.33	0.9
Other Assets	58.40	11.6	51.88	11.5		102.73	10.1	95.90	10.0		161.12	10.6	147.78	10.4	46.44	16.4	49.80	18.8
Total Assets	503.09	100.0	452.42	100.0		1,014.23	100.0	963.11	100.0		1,517.32	100.0	1,415.54	100.0	282.73	100.0	264.86	100.0
Liabilities & Equity																		
Payables To Affiliates	4.13	0.8	13.07	2.9		26.55	2.6	36.16	3.8		30.68	2.0	49.23	3.5	22.22	7.9	12.70	4.8
Notes Payable	3.04	0.6	4.39	1.0		9.95	1.0	11.08	1.2		12.99	0.9	15.46	1.1	0.00	0.0	0.61	0.2
Accounts Payable	46.39	9.2	36.47	8.1		118.45	11.7	101.97	10.6		164.84	10.9	138.43	9.8	22.51	8.0	15.30	5.8
Misc Payables & Accruals	15.13	3.0	11.12	2.5		24.80	2.4	23.17	2.4		39.93	2.6	34.29	2.4	5.86	2.1	5.90	2.2
Taxes Payable	13.15	2.6	3.85	0.9		12.25	1.2	10.56	1.1		25.40	1.7	14.41	1.0	0.61	0.2	2.56	1.0
Funded Debt Due Within One Year	13.77	2.7	12.07	2.7		49.47	4.9	53.23	5.5		63.23	4.2	65.30	4.6	2.56	0.9	1.75	0.7
Other Current Liabilities	48.23	9.6	43.25	9.6		90.25	8.9	79.21	8.2		138.48	9.1	122.46	8.7	40.03	14.2	27.76	10.5
Total Current Liabilities	143.84	28.6	124.21	27.5		331.72	32.7	315.37	32.7		475.56	31.3	439.58	31.1	93.79	33.2	66.57	25.1
Advances Payable	9.66	1.9	10.81	2.4		51.51	5.1	54.80	5.7		61.17	4.0	65.61	4.6	44.74	15.8	54.77	20.7
Funded Debt Due After One Year	70.96	14.1	71.99	15.9		185.26	18.3	181.79	18.9		256.22	16.9	253.78	17.9	23.24	8.2	24.39	9.2
Total Long Term Debt	80.61	16.0	82.80	18.3		236.77	23.3	236.59	24.6		317.38	20.9	319.39	22.6	67.99	24.0	79.15	29.9
Total Funded Debt	84.72	16.8	84.06	18.6		234.73	23.1	235.01	24.4		319.45	21.1	319.08	22.5	25.81	9.1	26.14	9.9
Reserves & Est. Liabilities	6.08	1.2	4.64	1.0		21.16	2.1	19.85	2.1		27.24	1.8	24.50	1.7	5.75	2.0	4.56	1.7
Account Deferred Tax Credits	21.07	4.2	18.47	4.1		36.13	3.6	32.33	3.4		57.21	3.8	50.80	3.6	9.39	3.3	16.01	6.0
Total Liabilities	251.60	50.0	230.12	50.9		625.78	61.7	604.15	62.7		877.39	57.8	834.27	58.9	176.93	62.6	166.31	62.8
Stockholder's Equity	251.49	50.0	222.30	49.1		388.44	38.3	358.97	37.3		639.93	42.2	581.27	41.1	105.81	37.4	98.55	37.2
Total Capital	332.10	66.0	305.10	67.4		625.21	61.6	595.56	61.8		957.31	63.1	900.66	63.6	173.79	61.5	177.71	67.1
Total Liabilities & Equity	503.09	100.0	452.42	100.0		1,014.23	100.0	963.11	100.0		1,517.32	100.0	1,415.54	100.0	282.73	100.0	264.86	100.0

Analytical Data

Analytical Data	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS	1983 RATIOS	1982 RATIOS
Operating Performance								
Gross Revenues To Equity	4.56	4.66	6.74	6.83	5.88	6.00	6.81	6.33
Gross Revenues To Total Capital	3.46	3.40	4.18	4.12	3.93	3.87	4.14	3.51
Gross Revenues To Net Carr Oper Prop	5.35	4.75	5.54	5.45	5.48	5.22	6.43	5.02
Gross Revenues To Carr Oper Prop (Cost)	2.20	2.08	2.80	2.76	2.59	2.52	3.32	2.83
Pre-Tax Income To Gross Revenues, %	5.72	2.25	1.86	0.92	3.04	1.32	1.07	0.70
Pre-Tax Income To Total Capital, %	19.76	7.65	7.78	3.80	11.94	5.10	4.42	2.45
After Tax Income To Gross Revenues, %	3.34	0.92	1.30	0.54	1.92	0.65	1.35	0.66
After Tax Income To Equity, %	15.25	4.29	8.77	3.71	11.32	3.93	9.16	4.15
Return On Transportation Investment, %	25.18	11.82	13.80	9.36	17.66	10.18	20.54	0.27
Expense Ratio, %	94.64	98.27	98.33	99.47	97.21	99.12	96.66	100.83
Operating Ratio, %	93.67	96.96	97.03	97.96	96.00	97.67	96.03	100.06
Financial Ratios								
Average Revenue Per Carrier	44.14	39.88	51.30	48.07	48.88	45.31	180.05	155.96
Net Income Per Carrier	1.48	0.37	0.67	0.26	0.94	0.30	2.42	1.02
Liquidity								
Cash Throw Off, Dollars	82.28	54.80	117.76	92.27	200.04	147.07	11.39	6.82
Working Capital, Dollars	74.21	47.72	91.30	83.78	165.50	131.50	27.08	21.32
Current Ratio	1.52	1.38	1.28	1.27	1.35	1.30	1.29	1.32
Days Cash Oper Exp In Work Cap	26.20	18.09	13.55	13.14	17.30	14.59	14.54	12.71
Average Days Collection Period	31.92	27.84	32.51	29.24	32.33	28.82	31.70	24.12
Leverage & Debt Service								
Funded Debt To Equity	0.34	0.38	0.60	0.65	0.50	0.55	0.24	0.27
Net Debt To Equity	0.01	0.11	0.24	0.27	0.14	0.21	0.04	0.03
Funded Debt To Tangible Net Worth	0.35	0.39	0.62	0.68	0.51	0.57	0.25	0.27
Cash Throw To Funded Debt Due In One Year, %	597.71	433.81	238.04	173.36	316.34	225.22	444.40	363.98
Cash Throw To Total Funded Debt, %	97.12	65.18	50.17	39.26	62.62	46.09	44.15	26.11
Interest To Total Funded Debt, %	13.15	16.17	14.57	15.74	14.19	15.85	17.46	18.17
Carrier Property (Net) To Equity	0.85	0.98	1.22	1.25	1.07	1.15	1.06	1.26
Additional Ratios								
Receivables To Payables	2.03	1.94	1.82	1.74	1.87	1.79	2.78	2.59
Deprec To Debt Due in One Year	3.08	3.62	1.67	1.53	1.97	1.92	4.75	6.73
Total Tang Prop To Equity	0.87	1.00	1.23	1.27	1.09	1.17	1.07	1.27
Income Before Extra Items Etc To Equity, %	15.25	4.29	8.94	3.72	11.42	3.94	9.16	4.15
Gross Revenues To Total Tang Prop	5.23	4.65	5.47	5.37	5.40	5.13	6.38	5.00
Productivity Measures (Int-City Carr Only)								
Total Payroll To Revenues, %	40.11	42.56	28.56	29.43	32.11	33.36	35.70	39.38
Total Payroll (WPT) To Revenues, %	46.56	47.89	53.98	55.04	51.70	52.90	62.29	62.63
Cargo Hauler Compens To Revenues, %	7.76	8.19	4.80	4.90	5.71	5.89	7.94	8.47
Linehaul Expenses To Revenues, %	25.48	26.50	48.40	49.50	41.36	42.62	38.91	37.41
Revenue Per Ton-Mile, Cents	44.49	42.46	14.58	14.47	18.42	18.08	44.57	48.36
Average Load, Tons	8.14	8.14	13.70	13.88	12.54	12.66	7.81	7.08
Total Tons, Thous	13,431.90	12,454.79	29,419.53	28,176.10	42,851.43	40,630.89	8,729.67	7,267.21
Total Miles, Thous	310,471.87	294,644.63	1,177,428.05	1,091,621.23	1,487,899.92	1,386,265.86	171,014.80	143,522.02

36.03	38.12	39.57	42.62	37.62	39.88	37.65	40.10	36.13	38.21
51.43	52.31	46.28	48.04	44.37	46.86	46.84	48.75	48.18	49.91
9.99	8.00	8.85	8.92	8.71	9.92	9.14	9.37	7.89	8.23
39.77	40.63	37.03	38.20	39.79	42.68	39.19	41.26	39.79	41.64
21.81	22.29	20.57	20.92	18.70	17.45	20.18	19.35	18.98	19.05
12.58	11.92	12.42	11.88	14.24	14.31	13.33	13.21	13.09	13.05
5,401.40	14,341.60	15,180.32	12,962.00	29,741.06	30,117.82	69,052.45	64,688.63	111,903.88	105,319.52
5,954.05	477,672.31	723,124.49	649,222.30	2,159,238.89	2,143,864.69	3,549,332.23	3,414,281.31	5,037,232.15	4,800,547.17

pared to revenues, interest expense absorbs 1.26 percent for carriers in the 250 - 500 mile ALOH category -- virtually doubles the "drain" in the three other length of haul groups (where interest is between 0.6 and 0.7 percent of revenues). The 250 - 500 mile carriers spend more than half their operating income on interest; the other three between 12 and 16 percent.

The fleet of the largest general freight carriers is on average less than half depreciated, indicating a "newer" fleet by this measure compared to carrier groups of a smaller revenue size. In all

four length of haul categories though, the fleet aged from 1982 as carriers added less to property at cost than to depreciation reserve. Carriers with an ALOH less than 250 miles showed a decline in the cost of operating property. The heaviest investments were made by carriers in the 500 - 750 mile ALOH category, adding 7.1 percent to operating property at cost. But they also saw their depreciation reserve increase by 12.3 percent.

Carriers in the C-2 group have on average the lowest usage of owner-operators and purchased transportation of all general freight

groups. In 1982 purchased transportation accounted for 8.7 percent of revenues, growing to 9.4 percent by 1983. This was one-half to one third the level of other general freight groups. Interestingly, among the four ALOH categories within the C-2 group, the shorter haul carriers used owner-operators, leased equipment and purchased transportation far more extensively than their long haul counterparts. With many of the longer haul carriers in this group concentrating activities in the less-than-truckload traffic segment, the traditional truckload activities of owner oper-

ators provide only supplemental transportation.

The large general freight carriers in Group C-2 are, in summary, the most profitable of all general freight carriers. They are rebounding nicely from the recession lows of 1982 and further improvement, even modest, will solidify their financial health. Their liquidity is very sound, debt levels low and their fleet is in the best condition, age-wise, among the general freight carriers. The longest haul carriers, averaging over 750 miles, are, unquestionably, the industry leaders in the general freight sector.

Specialized Carriers With Annual Revenues in Excess of \$1 Million

The specialized carriers in Group D are homogeneous only with regard to their truckload operations (as opposed to the less-than-truckload orientation of the general freight carriers). The commodity separation within Group D precludes analysis by size of firm, length of haul or other factors which may have provided additional insight. Likewise, the characteristics of the various subgroups by commodity show wide variation based on equipment used (tankers versus auto racks versus reefer units, etc.) and employee characteristics. Some groups make extensive use of owner-operators while others (e.g. motor vehicles and petroleum product haulers) do not. As has been emphasized elsewhere, caution should be exercised not to extrapolate group averages to individual carrier performance or results.

Household Goods

The summarized household goods carriers increased revenues from 1982 to 1983 by 9.2 percent on the strength of gains of 5.5 percent in tonnage and 13.1 percent in vehicle miles travelled. Expenses though increased almost as fast as revenues, rising 9.0 percent, resulting in little improvement in the operating ratio. It was 98.42 in 1983, just fractionally improved from 98.62 in 1982. Operating profits did grow, though, by 24.5 percent from 1982 and final net income increased 10.9 percent.

The household goods carriers have substantial business in areas of non-operating revenues and expenses such as packing and crating,

and warehousing, and typically these activities produce a sizable excess of revenues over expenses. Thus, while the operating ratio of these firms is relatively high (unfavorable) year in and out, final net can show an entirely different picture, as is the case here. Their net profit margin of 2.59 percent is among the higher profit margins achieved by the various carrier groups in 1983 and an improvement over 2.54 percent in 1982.

Confirming the information above, the household good carrier return on transportation investment, which uses operating (not net) income as its numerator was a somewhat low 11.61 percent in 1983. Return on equity, using net income as the numerator, is a much more favorable 15.18 percent in 1983, and among the better in the industry in this year.

The liquidity of the household goods carriers appears very sound in 1983. Cash throw increased 3.2 percent and net working capital 15.0 percent and although the changes were not as great as those registered in other groups, their position is good. The current ratio is 1.36 in 1983 and working capital can fund 21 days of cash operating expenses.

Improvements in the household goods sectors were also noted in debt levels. Funded debt, in fact, declined 5.7 percent from 1982 and interest expenses fell 18.6 percent. In ratio terms, funded debt to equity was 0.16 -- the lowest leveraged position of any carrier group in this analysis. Net debt to equity was a negative 0.20. The household goods carriers could be debt free in

far under one year if cash flow were applied to debt reduction. Interest expenses amounted, in 1983, to only 0.5 percent of revenues.

The household good carriers are among the industry's heaviest users of purchased transportation (owner-operators), which absorbed 53 percent of revenues in 1983. As such, this qualifies the condition of their property accounts, which shows carrier operating property 51.38 percent depreciated in 1983 compared to 48.50 percent depreciated in 1982.

The household goods carriers in 1983 are in fairly strong shape in all areas of concern -- profitability, liquidity and leverage.

Heavy Machinery

Among the specialized group, the heavy machinery transporters were the only firms to experience declines in all facets of business from 1982 to 1983. Their mileage declined 3.8 percent, tonnage dropped 6.5 percent and revenues fell a significant 10.2 percent. In spite of these declines, though, profitability improved slightly as expense fell more than revenues, declining 10.6 percent from 1982. Operating profits, thus, increased 41.9 percent but their margin as measured by the operating ratio remained extremely high at 98.95 in 1983 (worst in the industry), but a decline from 99.34 in 1982. Net income improved but the net profit margin of 0.24 in 1983 was the lowest of any industry groups, as was return on equity (1.17 in 1983) and return on transportation investment (4.00 in 1983).

In spite of extremely low profitability, the liquidity of the heavy machinery transporters remains strong. Their current ratio in 1983 is

1.66, the same it was in 1982 and well in excess of industry averages. Working capital, which increased 5.6 percent from 1982 to 1983, can fund 31 days of cash operating expenses, an increase from 26.5 days in 1982.

The leverage position of the heavy machinery haulers exhibited improvements in 1983 as levels of funded debt were reduced (by 9.7 percent) as were interest expenses (by 26.7 percent). Funded debt to equity was reduced from 0.49 in 1982 to 0.45 in 1983 and net debt to equity was a negative 0.05 in 1983, reflecting the healthy current ratio and attendant net working capital. Still, however, cash throw coverage of debt is very low and would require a period of greater than 2 years of dedicated cash throw application to be debt free. While interest expense to funded debt is a sound 13.53 percent, interest expenses amounted to 1.26 percent of revenues in 1983 and in dollar amount was greater than total operating income. They have among the heaviest interest burdens in the industry. Coupled with an aged fleet (58.53 percent depreciated in 1983 -- the "oldest" fleet in the specialized carrier groups) and low profits, the debt situation of these firms will likely worsen before it improves. On the positive side, though, is that heavy machinery transporters are heavy users of owner operators, with purchased transportation consuming 48 percent of gross freight revenues.

The heavy machinery haulers could clearly use a period of sustained economic growth coupled with heavy capital investments to generate increases in freight requiring their specialized services. Absent this and diversi-

fication opportunities in related areas suitable to their equipment mix, these carriers could remain in a weak financial posture.

Petroleum Products

The petroleum carriers achieved only modest growth in business levels from 1982 to 1983 as tonnage increased 1.8 percent, mileage, 3.6 percent and revenues grew 2.8 percent -- under the level of business growth for all specialized carriers as a group.

Profitability improved as operating expenses grew only 2 percent, under the revenue growth of 2.8 percent. Operating profits increased 48.8 percent, dropping the operating ratio from 98.20 in 1982 to 97.39, but this operating ratio is still inferior to the average for the industry or the specialized carrier group. Similarly with the net profit margin of 0.83 percent in 1983, although this was improved from a net loss posture in 1982. Both return on equity, at 3.89 percent, and return on transportation investment, at 8.14 percent, reflect subpar earnings in the petroleum products' sector of specialized carriers.

Liquidity among petroleum product haulers is fairly sound. Their current ratio is a more than adequate 1.33, improving from 1.31 in 1982. Working capital, the difference between current assets and current liabilities, grew by over 20 percent from 1982 and can fund 19 days of cash operating expenses in 1983, up from 16 days the year earlier. Cash throw for petroleum carriers improved almost 14 percent from 1982.

Funded debt levels declined in 1983 by 2.9 percent but petroleum carriers remain highly leveraged with funded debt to equity of 0.67.

Interest expenses also declined by a significant 19.5 percent but interest expense as a percent of revenues was 1.8 percent in 1983, the highest interest burden of any carrier group in this analysis. As a percent of funded debt, interest expenses were 12.57 percent. As with the heavy machinery transporters, the petroleum carriers would also need more than 2 years of applied cash throw to be debt free. Their fleet is also quite old, being 57.5 percent depreciated but coupled with their generally low use of purchased transportation and owner-operators, their debt burden stands to increase considerably when fleet replacements and additions are made.

Refrigerated Products

The refrigerated product haulers, with food stuffs as their business mainstay, continued to register moderate gains in levels of business from 1982 to 1983, with tonnage improving almost 4 percent. Revenue growth, however, was held to 1.5 percent over 1982. With expenses up 1.3 percent, operating profits improved a fractional amount, 5.6 percent over 1982. Their operating ratio fell to 95.89 from 96.05 remaining on par with industry aggregates in 1983. Final net income slipped slightly, declining 4.1 percent, resulting in a slight decline in the net profit margin to 2.14 percent from 2.25 percent in 1982. Return on transportation investment remains strong at 18.52 percent (although it dropped from 19.07 percent in 1982), and return on equity was 15.40. In all profitability measures, the refrigerated product carriers exceeded the averages for all specialized carriers.

The refrigerated carriers achieved only minor improvements in cash throw and working capital from 1982 to 1983 but their liquidity position remains strong, with a current ratio of 1.51 and working capital able to support 20 days of cash operating expenses.

Their leverage position, however, is high and has deteriorated from 1982. The refrigerated carriers increased funded debt by almost 26 percent (compared to total asset growth of 10.3 percent), and interest expenses rose 18.1 percent. The debt increase was related to increased equipment investment, which rose 7.8 percent, but in dollar terms, the increase in debt exceeded the increase in equipment investment. Funded debt to equity for this subgroup of carriers rose to 0.84 -- almost the highest in the industry -- from 0.68 in 1982. Even considering their positive working capital position, their net debt to equity ratio of 0.32 is among the worst in the industry. They would require over 2 years to pay off debt with cash throw. Interest expenses, while only 12 percent of funded debt, absorb a high 1.41 percent of revenues. Their debt levels may moderate in the upcoming years in that their equipment is relatively "new" based on percent depreciated and they make the most extensive use of owner-operators (purchased transportation) of all carrier types within the industry, thus being able to conduct line haul operations without incurring the investment needs of ownership.

Agricultural Products

The agricultural product haulers, involved in largely unprocessed food transporta-

tion, had mixed results in 1983. Although tonnage declined 2.6 percent, mileage increased 2.7 percent and revenues 7.1 percent. The revenue gain, however, was virtually all consumed by expense increases, which grew 7.0 percent from 1982. And while net carrier operating income rose a modest 9.5 percent, net income declined 3.2 percent.

Thus, while the operating ratio of the agricultural carriers dropped modestly to 97.16 from 97.23 (remaining unfavorably high), the net profit margin fell -- to 1.56 percent from 1.73 percent in 1982. Further, both return on equity and return on transportation investment fell and levels are somewhat low. ROE at 9.47 percent in 1983 and return on transportation investment at 12.57 percent.

The liquidity of the agricultural product haulers improved somewhat in 1983 but also remains low against industry results. Working capital improved by 24 percent as the current ratio rose to 1.19 from 1.17 in 1982. Working capital, though, can only fund 9 days of cash operating expenses in 1983 (versus less than 8 days in 1982). Cash throw also improved, but only by 8.9 percent.

The leverage position of the group was largely unchanged from 1982 as they increased funded debt by 10 percent (about the same as total asset growth) and maintained a debt to equity ratio of 0.63 -- high by industry standards. Interest expenses increased by 4.4 percent from 1982 but fell relative to total funded debt (to 14 percent from 14.8 percent) because of the greater increase in funded debt. Nevertheless, interest expenses remained burdensome in that they ab-

sorbed a high 1.45 percent of revenues.

Agricultural product haulers make fairly extensive use of owner-operators, with purchased transportation accounting for 34.6 percent of revenues. Since this is fairly standard usage for this group, there is no immediate relief to their financial pressures, (low profitability and liquidity and high debt) considering their fleet is also in need of replenishing.

Motor Vehicles

With passenger car production and sales picking up strongly in 1983 (both production and sales grew by over 33 percent from 1982), the fortunes of the motor vehicle haulers improved substantially. Tonnage increased 47.4 percent, by far the largest gain in the industry. Mileage grew by 27.2 percent and revenues improved 30.5 percent. While operating expenses picked up significantly, by 25.8 percent, its relatively lesser growth than revenues resulted in a rise in operating profits of 263 percent and a corresponding reduction in the operating ratio from 98.03 to 94.52 -- among the best in the industry. The net profit margin increased from 0.90 percent in 1982 to a very sound 3.24 percent in 1983 as net income grew by 362 percent over the year. Both return on equity and return on transportation investment reached healthy plateaus from depressed levels a year earlier. ROE increased from 5.74 to 21.18 percent and return on investment, from 9.83 to 27.89. The motor vehicles return on investment was the best in the industry in 1983, ROE, second highest.

With profitability improving substantially, the liquidity of the motor vehicle haulers

also improved but remains weak. Working capital was positive in 1983, growing from a negative posture in 1982. The current ratio was 1.04 in 1983 compared to 0.89 in 1982. Cash throw did increase considerably, though, by 64 percent, and the other liquidity measures should strengthen in the short term.

The motor vehicle haulers increased debt levels 6.1 percent, but far less than overall asset growth of 26.4 percent. Funded debt to equity levels fell from 0.26 in 1982 to 0.22 -- among the least leveraged in the industry. With applied cash throw to paying off funded debt, this group of companies could be debt free in a matter of months -- another "best" in the industry. Interest expenses still amount to 18.54 percent of funded debt, but this is more indicative of a low debt level as the denominator in the equation. Interest expenses were, in fact, reduced 27 percent from 1982 and only amounted to 0.62 percent of revenues -- among the lowest interest expense burdens in the industry. While equipment appears fairly "old" based on percent depreciated, these carriers seem to be in sound position to replace and add to their fleet -- one of the few groups who did this from 1982 to 1983. This will be necessary in the future considering this group makes only minor use of owner operators and purchased transportation (10.6 percent of revenues), the lowest among all specialized carriers.

Building Materials

Another group achieving a significant recovery in 1983 were transporters of building materials, reflecting the rise in construction activity and

new housing starts. Revenues for this group of carriers grew 11.5 percent as tons increased 11.1 percent and mileage 12.5 percent. Coupled with expenses rising only 9.1 percent, net carrier operating income increased 82.1 percent and the operating ratio dropped to a favorable 94.55 from 96.66 in 1982. Net profits increased almost 200 percent, producing a net profit margin of 3.51 percent (second best in the industry) compared to 1.22 percent in 1982. Return on equity at 23.17 percent in 1983 was the best in the industry. Return on transportation investment was among the best at 23.34 percent.

As with the motor vehicle haulers, liquidity in the building materials transporter segment improved in 1983 but remains somewhat low. Working capital grew 16.5 percent, but the current ratio actually declined fractionally to 1.13 from 1.14 in 1982. Working capital can fund about 7 1/2 days cash operating expenses, little improved from just over 7 days the year earlier. Cash throw grew 55.5 percent.

Debt levels in the building materials hauler segment, though, are among the highest in the industry. The funded debt to equity ratio in 1982 of 1.14 improved slightly in 1983, but only to 1.02. These carriers added debt in 1983, increasing by 9.3 percent, but with overall asset growth increasing greater, including equity levels, the debt to equity ratio fell. Cash throw coverage of debt improved, but only from a position where, in 1982, it would have taken three years to be debt free, to two years by 1983.

Interest expense was reduced by 12.3 percent from 1982 to 1983 but the interest

outlay still accounts for 1.78 percent of revenues -- about the heaviest debt burden in the industry. As a percent of funded debt, interest expense is a low 11.54 percent, but this reflects the high levels of debt rather than a low interest expense burden.

The building materials carriers fleet age improved fractionally in 1983 but still is 51 percent depreciated. Owner-operator usage is about on average with the specialized carrier group in total and this segment's historic use, such that debt levels could tend to increase and further burden these firms. The counter side, however, is to keep profitability strong and fund equipment purchases out of earnings and built-up equity.

Other Specialized Carriers

The grouping of "other specialized carriers" is a catch-all for carriers not included in the groups above. Among the various types of carriers are those involved in dump trucking; armored truck service; film and associated commodities; forest products; mine ores not including coal; retail store delivery service; dangerous or hazardous materials; and other commodities not elsewhere classified (steel hauler are among this last group).

This broad grouping of specialized carriers experienced little change in business levels from 1982. Tonnage increased only 0.4 percent, mileage was higher, showing a 6.2 percent gain, and revenues grew 2.5 percent. They managed to control operating expenses (up 1.8 percent) and, thus, improved net carrier operating income by 28.9 percent. Their operating ratio declined to 96.77 from 97.43 in 1982

Carrier Group D

Commodity Number of Carriers Year	Household Goods				Heavy Machinery				Petroleum				Refrigerated Products			
	1983		1982		1983		1982		1983		1982		1983		1982	
	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%
Income & Expense Data																
Gross Revenues	2,312.04	100.0	2,117.50	100.0	574.16	100.0	639.61	100.0	1,545.10	100.0	1,502.51	100.0	1,205.21	100.0	1,187.98	100.0
Depreciation	27.77	1.2	24.60	1.2	21.38	3.7	22.28	3.5	94.38	6.1	96.98	6.4	42.35	3.5	39.61	3.3
Purchased Transportation	1,226.47	53.0	1,124.71	53.1	275.36	48.0	310.32	48.5	358.99	23.2	340.34	22.7	665.66	55.2	671.39	56.5
Total Operating Expenses	2,275.53	98.4	2,088.19	98.6	568.13	99.0	635.36	99.3	1,504.81	97.4	1,475.44	98.2	1,155.66	95.9	1,141.08	96.1
Net Carrier Operating Income	36.51	1.6	29.32	1.4	6.03	1.0	4.25	0.7	40.30	2.6	27.07	1.8	49.55	4.1	46.90	3.9
Interest Expense	11.87	0.5	14.59	0.7	7.22	1.3	9.85	1.5	27.81	1.8	34.54	2.3	17.03	1.4	14.42	1.2
Net Income Before Taxes	91.62	4.0	81.10	3.8	2.74	0.5	0.85	0.1	20.60	1.3	0.92	0.1	32.96	3.1	41.12	3.5
Income Taxes-Current	40.84	1.8	29.61	1.4	0.79	0.1	0.37	0.1	8.91	0.6	4.58	0.3	11.63	1.0	12.78	1.1
Deferred Income Taxes	0.19	0.0	5.51	0.3	0.65	0.1	0.60	0.1	0.32	0.0	3.52	0.2	0.57	0.0	1.10	0.1
Other Adjustments To Income	9.21	0.4	7.70	0.4	0.08	0.0	0.25	0.0	0.89	0.1	0.60	0.0	0.02	0.0	0.53	0.0
Income Before Extra Items	59.80	2.6	53.68	2.5	1.38	0.2	0.13	0.0	12.90	0.8	0.74	0.0	25.75	2.1	26.71	2.2
Extraordinary Items	0.07	0.0	0.33	0.0	0.07	0.0	0.01	0.0	0.79	0.1	0.79	0.1	0.13	0.0	0.01	0.0
Net Income After Taxes	59.87	2.6	54.01	2.6	1.31	0.2	0.12	0.0	13.69	0.9	0.06	0.0	25.62	2.1	26.72	2.2

Balance Sheet

Assets																
Cash	39.04	4.6	36.72	4.8	24.34	10.1	18.49	7.4	71.59	9.1	73.71	9.8	26.39	6.4	29.43	7.3
Receivables From Affiliates	43.51	5.1	40.76	5.3	5.36	2.2	12.52	5.0	25.03	3.2	25.31	3.4	24.14	5.4	23.26	5.8
Notes & Accounts Receivable	356.63	41.8	279.43	36.2	73.59	30.4	66.33	26.7	146.85	18.6	113.41	15.0	103.70	23.3	92.60	22.9
Prepaid Expenses	20.66	2.4	19.29	2.5	9.58	4.0	9.62	3.9	29.43	3.7	27.66	3.7	18.15	4.1	16.11	4.0
Materials & Supplies	6.20	0.7	6.12	0.8	5.33	2.2	4.52	1.8	20.75	2.6	17.33	2.3	7.59	1.7	6.37	1.6
Other Current Assets	19.75	2.3	25.97	3.4	0.52	0.2	1.19	0.5	1.83	0.2	1.93	0.3	1.21	0.3	1.31	0.3
Total Current Assets	485.79	57.0	408.29	52.8	119.72	49.1	112.67	45.3	295.48	37.4	259.35	34.4	183.18	41.2	169.07	41.9
Carrier Operating Property	380.88	44.7	346.84	44.9	103.17	103.1	246.39	99.0	989.44	125.4	950.50	126.0	380.00	85.4	352.55	87.3
Reserve For Depreciation	195.69	23.0	168.20	21.8	145.91	60.3	132.94	53.4	568.80	72.1	532.15	70.5	174.14	39.1	162.31	40.2
Carrier Operating Property Net	185.18	21.7	178.63	23.1	103.37	42.7	113.45	45.6	420.64	53.3	418.34	55.4	205.86	46.2	190.24	47.1
Total Tangible Property	201.18	23.6	195.37	25.3	109.53	45.3	119.79	48.1	426.75	54.1	423.57	56.1	217.69	48.9	197.41	48.9
Intangibles	13.23	1.6	10.68	1.4	0.81	0.3	0.89	0.4	4.65	0.6	4.10	0.5	2.38	0.5	1.47	0.4
Other Assets	152.46	17.9	158.38	20.5	12.82	5.3	15.50	6.2	62.15	7.9	67.47	8.9	41.85	9.4	35.76	8.9
Total Assets	852.66	100.0	772.72	100.0	241.88	100.0	248.86	100.0	789.02	100.0	754.49	100.0	445.11	100.0	403.71	100.0
Liabilities & Equity																
Payables To Affiliates	46.84	5.5	39.39	5.1	5.85	2.4	4.77	1.9	10.54	1.3	8.61	1.1	6.75	1.5	7.79	1.9
Notes Payable	12.48	1.5	9.05	1.2	4.69	1.9	4.22	1.7	5.97	0.8	7.00	0.9	11.73	2.6	8.81	2.2
Accounts Payable	172.13	20.2	142.62	18.5	32.93	13.6	29.92	12.0	78.46	9.9	62.84	8.3	48.23	11.1	45.10	11.2
Misc Payables & Accruals	10.10	1.2	9.25	1.2	2.66	1.1	3.78	1.5	16.95	2.1	17.46	2.3	4.98	1.1	4.11	1.0
Taxes Payable	19.17	2.2	9.64	1.2	1.77	0.7	1.32	0.5	8.28	1.0	6.65	0.9	8.99	2.0	10.54	2.6
Funded Debt Due Within One Year	11.78	1.4	13.57	1.8	11.57	4.8	13.42	5.4	53.62	6.8	54.58	7.2	25.24	5.7	23.32	5.8
Other Current Liabilities	83.90	9.8	72.23	9.3	12.05	5.0	10.54	4.2	47.57	6.0	41.19	5.5	14.53	3.3	13.70	3.4
Total Current Liabilities	356.41	41.8	295.75	38.3	71.53	29.6	67.97	27.3	221.38	28.1	198.33	26.3	121.44	27.3	113.37	28.1
Advances Payable	25.68	3.0	20.69	2.7	0.96	0.4	1.53	0.6	23.78	3.0	11.29	1.5	19.05	4.3	14.20	3.5
Funded Debt Due After One Year	50.15	5.9	52.10	6.7	41.77	17.3	45.64	18.3	167.67	21.3	173.12	22.9	116.07	26.1	88.89	22.0
Total Long Term Debt	75.83	8.9	72.78	9.4	42.73	17.7	47.17	19.0	191.45	24.3	184.42	24.4	135.12	30.4	103.09	25.5
Total Funded Debt	61.93	7.3	65.66	8.5	53.34	22.1	59.06	23.7	221.29	28.0	227.70	30.2	141.31	31.7	112.21	27.8
Reserves & Est. Liabilities	8.59	1.0	7.65	1.0	2.20	0.9	5.23	2.1	6.92	0.9	6.73	0.9	8.85	2.0	10.46	2.6
Accum. Deferred Tax Credits	17.80	2.1	19.15	2.5	7.33	3.0	7.69	3.1	37.53	4.8	39.87	5.3	12.44	2.8	12.68	3.1
Total Liabilities	458.64	53.8	395.33	51.2	123.78	51.2	128.06	51.5	457.29	58.0	429.34	56.9	277.85	62.4	239.60	59.4
Stockholder's Equity	394.03	46.2	377.39	48.8	118.10	48.8	120.80	48.5	331.73	42.0	325.15	43.1	167.26	37.6	164.10	40.6
Total Capital	469.86	55.1	450.17	58.3	160.82	66.5	167.97	67.5	523.18	66.3	509.56	67.5	302.37	67.9	267.19	66.2
Total Liabilities & Equity	852.66	100.0	772.72	100.0	241.88	100.0	248.86	100.0	789.02	100.0	754.49	100.0	445.11	100.0	403.71	100.0

Analytical Data

Operating Performance								
Gross Revenues To Equity	5.87	5.61	4.86	5.29	4.66	4.62	7.21	7.24
Gross Revenues To Total Capital	4.92	4.70	3.57	3.81	2.95	2.95	3.99	4.45
Gross Revenues To Net Carr Oper Prop	12.49	11.85	5.55	5.64	3.67	3.59	5.85	6.24
Gross Revenues To Carr Oper Prop (Cost)	6.07	6.11	2.30	2.60	1.56	1.58	3.17	3.37
Pre-Tax Income To Gross Revenues, %	3.96	3.83	0.48	0.13	1.33	0.06	3.15	3.46
Pre-Tax Income To Total Capital, %	19.50	18.01	1.70	0.50	3.94	0.18	12.56	15.39
After Tax Income To Gross Revenues, %	2.59	2.54	0.24	0.02	0.83	0.05	2.14	2.25
After Tax Income To Equity, %	15.18	14.22	1.17	0.11	3.89	0.23	15.40	16.28
Return On Transportation Investment, %	11.61	10.07	4.00	2.68	8.14	5.65	18.52	19.07
Expense Ratio, %	98.93	99.30	100.21	100.88	99.19	100.50	97.30	97.27
Operating Ratio, %	98.42	98.62	98.95	99.34	97.39	98.20	95.89	96.05
Average Revenue Per Carrier	22.45	20.56	9.57	10.66	12.56	12.22	12.55	12.37
Net Income Per Carrier	0.58	0.52	0.02	0.00	0.10	0.01	0.27	0.28
Liquidity								
Cash Throw Off Dollars	78.55	76.09	23.32	22.76	106.06	93.22	68.69	67.95
Working Capital Dollars	129.39	112.54	47.20	44.70	74.09	61.02	61.74	55.70
Current Ratio	1.36	1.38	1.66	1.66	1.33	1.31	1.51	1.49
Days Cash Oper Exp In Work Cap	21.00	19.89	31.38	26.56	19.04	16.07	20.16	18.36
Average Days Collection Period	56.30	48.17	46.79	37.85	34.69	27.55	31.41	28.45
Leverage & Debt Service								
Funded Debt To Equity	0.16	0.17	0.45	0.49	0.67	0.70	0.84	0.68
Net Debt To Equity	0.20	0.16	0.05	0.01	0.26	0.34	0.32	0.20
Funded Debt To Tangible Net Worth	0.16	0.18	0.45	0.49	0.68	0.71	0.86	0.69
Cash Throw To Funded Debt Due In One Year, %	66.97	560.84	201.54	169.58	197.81	170.78	272.14	291.35
Cash Throw To Total Funded Debt, %	126.84	115.88	43.73	38.54	47.93	40.94	48.51	60.55
Interest To Total Funded Debt, %	19.16	22.21	13.53	16.68	12.57	15.17	12.05	12.85
Carrier Property (Net) To Equity	0.47	0.47	0.88	0.94	1.27	1.29	1.23	1.16
Additional Ratios								
Receivables To Payables	1.93	1.84	1.96	1.94	1.74	1.62	1.70	1.72
Deprec To Debt Due In One Year	2.36	1.81	1.85	1.66	1.76	1.77	1.68	1.70
Total Tang Prop To Equity	0.51	0.52	0.93	0.99	1.29	1.30	1.30	1.20
Income Before Extra Items Etc To Equity, %	15.18	14.22	1.33	0.11	3.89	0.23	15.40	16.28
Gross Revenues To Total Tang Prop	11.49	10.84	5.24	5.34	3.62	3.55	5.54	6.02
Productivity Measures (Ind-City Carr Only)								
Total Payroll To Revenues, %	13.00	13.02	10.62	11.93	24.82	26.06	10.42	10.12
Total Payroll (WPT) To Revenues, %	68.57	68.69	63.46	64.75	48.65	49.25	65.50	66.70
Cargo Handler Compensation To Revenues, %	12.02	11.98	0.03	0.04	0.13	0.13	0.40	0.41
Linehaul Expenses To Revenues, %	62.38	62.53	81.17	82.33	81.94	82.92	81.82	82.40
Revenue Per Ton-Mile, Cents	48.24	47.31	8.49	10.52	9.70	10.01	6.37	6.65
Average Load, Tons	4.39	4.67	14.47	12.38	14.68	14.42	17.51	16.67
Total Tons, Thous	3,179.39	3,013.64	7,792.57	8,337.22	116,499.64	114,433.58	18,496.86	17,790.52
Total Miles, Thous	775,863.91	686,028.22	363,842.63	378,063.65	924,299.73	891,913.26	850,497.12	852,377.72

Agricultural Products				Motor Vehicles				Building Materials				Other Special Commodities				Total Special Commodities			
84		1982		31		1982		102		1982		573		1982		1172		1982	
\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%	\$ IN MIL	%
469.92	100.0	438.76	100.0	1,500.73	100.0	1,150.25	100.0	876.87	100.0	786.33	100.0	5,137.70	100.0	5,011.77	100.0	13,621.73	100.0	12,834.71	100.0
22.67	4.8	20.05	4.6	69.32	4.6	64.05	5.6	42.60	4.9	38.82	4.9	221.28	4.3	207.97	4.1	541.74	4.0	514.27	4.0
162.56	34.6	154.91	35.3	159.18	10.6	116.69	10.1	316.41	36.1	291.67	37.1	1,874.92	36.5	1,862.19	37.2	5,039.54	37.0	4,872.23	38.0
456.60	97.2	426.59	97.2	1,418.51	94.5	1,127.64	98.0	829.04	94.5	760.06	96.7	4,971.55	96.8	4,882.84	97.4	13,179.83	96.8	12,537.20	97.7
13.33	2.8	12.17	2.8	82.22	5.5	22.61	2.0	47.83	5.5	26.27	3.3	166.15	3.2	128.93	2.6	441.90	3.2	297.51	2.3
6.82	1.5	6.53	1.5	9.23	0.6	12.64	1.1	15.58	1.8	17.77	2.3	68.26	1.3	75.35	1.5	163.82	1.2	185.69	1.4
10.58	2.3	10.59	2.4	80.22	5.3	13.91	1.2	36.60	4.2	13.21	1.7	131.53	2.6	93.14	1.9	411.84	3.0	254.73	2.0
2.38	0.5	2.31	0.5	20.24	1.3	0.81	0.1	6.21	0.7	5.09	0.6	30.86	0.6	38.11	0.8	121.85	0.9	91.94	0.7
0.72	0.2	0.55	0.1	11.82	0.8	4.13	0.4	0.66	0.1	0.12	0.0	1.04	0.0	0.36	0.0	15.33	0.1	7.89	0.1
0.15	0.0	0.13	0.0	0.48	0.0	0.19	0.0	1.05	0.1	1.33	0.2	2.74	0.1	5.50	0.1	14.29	0.1	13.35	0.1
7.33	1.6	7.61	1.7	48.65	3.2	10.40	0.9	30.78	3.5	9.57	1.2	102.37	2.0	60.88	1.2	288.95	2.1	168.26	1.3
0.03	0.0	0.07	0.0	0.01	0.0	0.12	0.0	0.01	0.0	0.92	0.1	5.79	0.1	0.85	0.0	6.42	0.0	2.94	0.0
7.30	1.6	7.54	1.7	48.64	3.2	10.53	0.9	30.79	3.5	10.49	1.3	108.16	2.1	61.73	1.2	295.37	2.2	171.20	1.3
14.16	8.0	12.85	8.0	50.73	9.2	15.41	3.5	41.98	11.1	29.87	9.5	207.87	10.0	203.20	10.4	478.09	8.7	419.67	8.3
3.17	1.8	3.01	1.9	45.65	8.3	53.92	12.4	8.09	2.1	5.60	1.8	119.69	5.8	118.27	6.0	274.64	5.0	282.66	5.6
39.76	22.5	34.78	21.7	109.56	19.9	65.98	15.1	69.54	18.4	58.96	18.7	494.48	23.8	418.87	21.4	1,394.13	25.3	1,130.36	22.4
6.09	3.4	5.85	3.6	16.99	3.1	12.01	2.8	15.56	4.1	11.46	3.6	68.58	3.3	60.17	3.1	185.03	3.4	162.16	3.2
3.63	2.0	3.28	2.0	14.56	2.6	12.31	2.8	9.46	2.5	7.59	2.4	43.43	2.1	37.52	1.9	110.95	2.0	95.04	1.9
1.35	0.8	1.43	0.9	0.24	0.0	0.30	0.1	1.20	0.3	1.11	0.4	15.68	0.6	14.70	0.8	41.77	0.8	47.93	0.9
68.15	38.5	61.19	38.2	237.72	43.1	159.94	36.7	145.82	38.5	114.59	36.4	949.73	45.7	852.72	43.6	2,484.60	45.0	2,137.83	42.3
202.24	114.2	177.75	110.8	663.02	120.2	594.34	136.2	387.36	102.3	341.27	108.3	2,035.71	97.9	1,892.18	96.7	5,287.92	95.9	4,901.81	97.1
106.94	60.4	92.31	57.6	377.11	68.4	344.26	78.9	199.08	52.6	176.55	56.0	1,135.22	54.6	1,017.36	52.0	2,902.89	52.6	2,626.10	52.0
95.29	53.8	85.44	53.3	285.91	51.8	250.07	57.3	188.29	49.7	164.71	52.3	900.49	43.3	874.82	44.7	2,385.03	43.2	2,275.72	45.1
99.26	56.1	90.07	56.2	287.31	52.1	251.65	57.7	196.22	51.8	173.45	55.1	964.04	46.3	936.84	47.9	2,501.98	45.4	2,388.15	47.3
0.85	0.5	0.91	0.6	1.29	0.2	1.19	0.3	2.41	0.6	2.93	0.9	18.72	0.9	20.83	1.1	44.34	0.8	43.00	0.9
8.79	5.0	8.22	5.1	25.35	4.6	23.55	5.4	34.23	9.0	24.06	7.6	147.54	7.1	146.62	7.5	485.19	8.8	479.56	9.5
177.06	100.0	160.39	100.0	551.68	100.0	436.32	100.0	378.68	100.0	315.03	100.0	2,080.03	100.0	1,957.02	100.0	5,516.11	100.0	5,048.54	100.0
5.06	2.9	4.16	2.6	47.60	8.6	49.09	11.3	17.76	4.7	3.69	1.2	102.87	4.9	81.82	4.2	243.27	4.4	199.33	3.9
7.28	4.1	6.47	4.0	1.57	0.3	2.60	0.6	11.68	3.1	11.45	3.6	52.97	2.5	43.98	2.2	108.36	2.0	93.58	1.9
22.33	12.6	22.19	13.8	68.56	12.4	45.37	10.4	36.26	9.6	29.97	9.5	231.61	11.1	207.44	10.6	691.51	12.5	585.46	11.6
3.73	2.1	2.49	1.6	13.94	2.5	11.04	2.5	6.61	1.7	5.86	1.9	44.30	2.1	41.13	2.1	103.27	1.9	95.16	1.9
2.76	1.6	2.73	1.7	17.15	3.1	1.85	0.4	6.44	1.7	6.84	2.2	29.62	1.4	27.25	1.4	94.19	1.7	66.82	1.3
13.47	7.6	11.67	7.3	16.83	3.1	19.35	4.4	39.49	10.4	32.80	10.4	140.06	6.7	133.92	6.8	312.06	5.7	302.63	6.0
2.76	1.6	2.81	1.8	63.14	11.4	50.57	11.6	11.00	2.9	9.73	3.1	94.14	4.5	86.33	4.4	329.08	6.0	287.11	5.7
57.40	32.4	52.52	32.7	228.78	41.5	179.87	41.2	129.23	34.1	100.34	31.9	695.57	33.4	621.93	31.8	1,881.74	34.1	1,630.08	32.3
1.68	1.0	1.46	0.9	14.48	2.6	17.20	3.9	10.27	2.7	6.46	2.1	58.29	2.8	41.35	2.1	154.20	2.8	114.17	2.3
35.18	19.9	32.54	20.3	32.98	6.0	27.57	6.3	95.51	25.2	90.68	28.8	295.93	14.2	321.44	16.4	835.26	15.1	831.97	16.5
36.87	20.8	34.00	21.2	47.46	8.6	44.76	10.3	105.78	27.9	97.14	30.8	354.22	17.0	362.78	18.5	989.45	17.9	946.14	18.7
48.66	27.5	44.21	27.6	49.81	9.0	46.91	10.8	135.00	35.7	123.48	39.2	435.99	21.0	455.36	23.3	1,147.31	20.8	1,134.60	22.5
1.62	0.9	0.92	0.6	3.80	0.7	3.56	0.8	3.78	1.0	3.45	1.1	16.54	0.8	17.22	0.9	52.32	0.9	55.21	1.1
3.73	2.1	3.13	2.0	41.97	7.6	26.78	6.1	7.05	1.9	6.21	2.0	53.48	2.6	58.67	3.0	181.33	3.3	174.19	3.5
99.61	56.3	90.57	56.5	322.02	58.4	254.98	58.4	245.84	64.9	207.14	65.8	1,119.81	53.8	1,060.60	54.2	3,104.84	56.3	2,805.62	55.6
77.44	43.7	69.82	43.5	229.66	41.6	181.34	41.6	132.84	35.1	107.90	34.2	960.21	46.2	896.42	45.8	2,411.27	43.7	2,242.92	44.4
114.31	64.6	103.82	64.7	277.12	50.2	226.11	51.8	238.62	63.0	205.04	65.1	1,314.43	63.2	1,259.20	64.3	3,400.72	61.7	3,189.06	63.2
177.06	100.0	160.39	100.0	551.68	100.0	436.32	100.0	378.68	100.0	315.03	100.0	2,080.03	100.0	1,957.02	100.0	5,516.11	100.0	5,048.54	100.0
1983		1982		1983		1982		1983		1982		1983		1982		1983		1982	
RATIOS		RATIOS		RATIOS		RATIOS		RATIOS		RATIOS		RATIOS		RATIOS		RATIOS		RATIOS	
6.07		6.28		6.53		6.34		6.60		7.29		5.35		5.59		5.65		5.72	
4.11		4.23		5.42		5.09		3.67		3.84		3.91		3.98		4.01		4.02	
4.93		5.14		5.25		4.60		4.66		4.77		5.71		5.73		5.71		5.74	
2.32		2.47		2.26		1.94		2.26		2.30		2.52		2.65		2.58		2.62	
2.25		2.41		2.35		2.00		4.17		1.68		2.56		1.86		3.02		1.98	
9.25		10.20		28.95		6.11		15.34		6.44		10.01		7.40		12.11		7.99	
1.56		1.73		3.24	</														

and their profit margin grew to 1.99 percent from 1.21 percent, as net income grew 75.2 percent. Both operating ratio and net profit margin are slightly worse than industry averages achieved in 1983. Likewise for return on equity (rising to 10.66 percent from 6.79 percent) and return on transportation investment (14.39 percent in 1983 from 11.66 percent).

The liquidity of this "other specialized carrier" group is about on par with industry averages in 1983. While working capital improved 10.1 percent, the current ratio remained stable at 1.37 in 1983, the same level as 1982. The working capital increase led to an increased ability to fund cash operating expenses -- at 19 1/2 days in 1983 compared to 18 days in

1982. Cash throw increased 22.4 percent.

This group managed to reduce funded debt levels in 1983 by 4.3 percent and in so doing lowered their funded debt to equity ratio from 0.51 in 1982 to 0.45 in 1983. Interest expenses also declined, by 9.4 percent. Interest to funded debt improved somewhat, declining to 15.66 percent from 16.55 percent

but interest expenses still absorbed a high 1.33 percent of revenues. Cash throw coverage of debt improved from a "2 year" payoff profile to about 1 1/2 years. Like virtually all groups in this financial analysis, the other specialized carrier group has an "aged" fleet and as replacement ensues, financial pressures in debt levels could escalate.

SUMMARY SCORECARD

Summary Scorecard

The individual group analyses characterize an industry largely improving from 1982 to 1983, so broadly so that it becomes difficult to distinguish one carrier group's performance and standing from another. Thus, this summary scorecard section is introduced to characterize results and indicate standing or position within the industry.

In evaluating how a carrier group has fared from 1982 to 1983, the first part of the summary scorecard, three categories of change are possible -- improving; stable; or worsening (declining). Each carrier group is evaluated on four criteria: 1) business conditions; 2) profitability; 3) liquidity; and 4) leverage.

Carrier groups were evaluated based on their actual change for the year, supplemented where appropriate by relative performance. A group whose tonnage, mileage and revenues fell from 1982 to 1983 would obviously show up as "worsening" in business levels. Another group may have improved business by 1 percent. While this was improvement in an absolute sense, in a relative sense it was not, considering that "all carriers" saw revenues increase 7.6 percent, tons by 4.7 percent and miles by 6.4 percent. Thus, the group improving by 1 percent would be considered "stable". The

key is that group's performance was far under the level of change generally. A carrier group noted as "improving" need not exceed the average industry performance; it can have lesser than average growth but not growth far under the industry average. Thus, in one set of columns in the summary scorecard, groups are noted as to how they fared from 1982 to 1983.

The second set of columns in the summary scorecard shows the relative standing or position of each carrier group. For this purpose, the 32 individual carrier groups were placed in quartiles, the top 8 in the upper quartile, the bottom 8 in the lower quartile and the other 16 in the two middle quartiles. This categorization stems from each group's ranking for numerous measures of profitability, then liquidity and lastly leverage. The procedure

works as follows for four hypothetical groups, ranked on various measures of profitability:

Group "W" had the second best operating ratio of the four groups, the best profit margin and return on equity. The sum of its ranking equal $4(2 + 1 + 1)$. Group "X" ranked fourth best in operating ratio and net profit margin and third best on return on equity, its rankings adding to 11 (and so forth). The sum of the rankings are in turn ranked from high to low to give the overall position for profitability. As it turns out, the hypothetical group "W" ranked best in overall profitability, while group "X" ranked fourth best. In the quartile scheme, group "W" is the upper quartile in this example, group "X" the lower quartile. With 32 individual groups in this financial analysis, each quartile, of course, will have 8 groups ($32/4$).

For Profitability, each groups overall ranking and thus position within quartiles was determined by summing the groups' rank for four profitability measures:

- 1) operating ratio
- 2) net profit margin
- 3) return on equity
- 4) return on transportation investment

For Liquidity ranking, four measures were used:

- 1) current ratio
- 2) average day's expenses in working capital
- 3) average day's collection period
- 4) cash throw to the current portion of funded debt

Five measures were used to evaluate the leverage of the groups:

- 1) funded debt to equity
- 2) cash throw to funded debt
- 3) funded debt to revenue
- 4) funded debt to net carrier operating property
- 5) interest expense as a percent of revenues

Lastly, the overall position of each group was evaluated based on its standing in each of the three major areas covered above, the best positions being associated with strong profitability, strong liquidity and low debt. In the overall ranking, U reflects the upper quartile, L the lower quartile and M the middle two quartiles.

GROUP RANKING BY PROFITABILITY

Group	Operating	Net Profit	Return on	Overall	
	Ratio	Margin	Equity	Total	Rank
"W"	2	1	1	=	4 (1)
"X"	4	4	3	=	11 (4)
"Y"	1	3	4	=	8 (3)
"Z"	3	2	2	=	7 (2)

SCORECARD CHARTS

GROUP A		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
NEW ENGLAND	Business Conditions	X			/	/	/	M
	Profitability	X				X		
	Liquidity	X				X		
	Leverage	X			X			
MIDDLE ATLANTIC	Business Conditions	X			/	/	/	L
	Profitability	X					X	
	Liquidity	X				X		
	Leverage			X		X		
CENTRAL	Business Conditions	X			/	/	/	L
	Profitability	X					X	
	Liquidity	X					X	
	Leverage	X				X		
SOUTHERN	Business Conditions		X		/	/	/	M
	Profitability	X			X			
	Liquidity	X				X		
	Leverage		X			X		
NORTHWESTERN	Business Conditions			X	/	/	/	M
	Profitability		X				X	
	Liquidity			X		X		
	Leverage		X			X		
MIDDLEWESTERN	Business Conditions		X		/	/	/	M
	Profitability	X				X		
	Liquidity			X		X		
	Leverage	X				X		
SOUTHWESTERN	Business Conditions	X			/	/	/	M
	Profitability		X			X		
	Liquidity	X			X			
	Leverage		X			X		
ROCKY MOUNTAIN	Business Conditions			X	/	/	/	M
	Profitability	X			X			
	Liquidity		X				X	
	Leverage	X			X			
PACIFIC	Business Conditions		X		/	/	/	M
	Profitability	X					X	
	Liquidity	X				X		
	Leverage	X					X	

GROUP B		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
NEW ENGLAND	Business Conditions		X		/ / / / / / / / / /			U
	Profitability		X			X		
	Liquidity		X		X			
	Leverage	X			X			
MIDDLE ATLANTIC	Business Conditions	X			/ / / / / / / / / /			L
	Profitability	X					X	
	Liquidity	X					X	
	Leverage		X			X		
CENTRAL	Business Conditions	X			/ / / / / / / / / /			M
	Profitability	X				X		
	Liquidity			X		X		
	Leverage	X			X			
SOUTHERN	Business Conditions	X			/ / / / / / / / / /			U
	Profitability	X				X		
	Liquidity		X		X			
	Leverage		X			X		
NORTHWESTERN	Business Conditions	X			/ / / / / / / / / /			L
	Profitability	X				X		
	Liquidity	X					X	
	Leverage		X			X		
MIDDLEWESTERN	Business Conditions		X		/ / / / / / / / / /			M
	Profitability	X			X			
	Liquidity				X		X	
	Leverage	X				X		
SOUTHWESTERN	Business Conditions		X		/ / / / / / / / / /			M
	Profitability	X				X		
	Liquidity	X			X			
	Leverage		X				X	
ROCKY MOUNTAIN	Business Conditions		X		/ / / / / / / / / /			M
	Profitability	X				X		
	Liquidity		X				X	
	Leverage		X			X		
PACIFIC	Business Conditions	X			/ / / / / / / / / /			U
	Profitability			X		X		
	Liquidity			X		X		
	Leverage			X		X		

GROUP C		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
C-1 < 250	Business Conditions	X			/ / / / / / / / / /			U
	Profitability	X			X			
	Liquidity	X			X			
	Leverage	X				X		
C-1 > 250	Business Conditions	X			/ / / / / / / / / /			L
	Profitability	X				X		
	Liquidity		X			X		
	Leverage	X					X	
C-2 < 250	Business Conditions	X			/ / / / / / / / / /			U
	Profitability	X				X		
	Liquidity		X			X		
	Leverage	X				X		
C-2 250-500	Business Conditions	X			/ / / / / / / / / /			M
	Profitability	X					X	
	Liquidity	X				X		
	Leverage	X				X		
C-2 500-700	Business Conditions	X			/ / / / / / / / / /			U
	Profitability	X				X		
	Liquidity		X		X			
	Leverage	X			X			
C-2 > 750	Business Conditions		X		/ / / / / / / / / /			U
	Profitability	X			X			
	Liquidity		X		X			
	Leverage	X			X			

		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
GROUP D								
HOUSEHOLD GOODS	Business Conditions	X			/ / / / / / / / / /			M
	Profitability	X				X		
	Liquidity		X			X		
	Leverage		X		X			
HEAVY MACHINERY	Business Conditions			X	/ / / / / / / / / /			L
	Profitability	X					X	
	Liquidity		X			X		
	Leverage	X					X	
PETROLEUM PRODUCTS	Business Conditions		X		/ / / / / / / / / /			L
	Profitability	X					X	
	Liquidity	X				X		
	Leverage	X					X	
REFRIGERATED	Business Conditions		X		/ / / / / / / / / /			M
	Profitability		X		X			
	Liquidity		X		X			
	Leverage			X			X	
AGRICULTURAL	Business Conditions		X		/ / / / / / / / / /			L
	Profitability		X			X		
	Liquidity		X				X	
	Leverage		X				X	
MOTOR VEHICLE	Business Conditions	X			/ / / / / / / / / /			U
	Profitability	X			X			
	Liquidity	X				X		
	Leverage	X			X			
BUILDING MATERIALS	Business Conditions	X			/ / / / / / / / / /			M
	Profitability	X			X			
	Liquidity		X				X	
	Leverage	X					X	
OTHER SPECIALIZED	Business Conditions		X		/ / / / / / / / / /			M
	Profitability	X				X		
	Liquidity		X			X		
	Leverage	X				X		

CARRIER PERFORMANCE DURING 1984

Motor carrier results through 1984 show continuing gains in business activity but also continuing pressures on earnings and profit levels. Moreover, the industry has been on a roller-coaster of results coming out of 1983, based on motor carrier quarterly submissions to the I.C.C.

From the fourth quarter of 1983 to the first quarter of 1984, current dollar GNP increased 3.54 percent (not annualized) and constant dollar GNP, by 2.43 percent. Industrial production grew similarly, by 2.45 percent. The economic gains, however, did not flow through to the motor carrier industry, as tonnage declined 4.37 percent and miles by 2.28 percent. The volume of general freight carriers declined 3.56 percent and for specialized carriers by 4.90 percent.

Revenues also declined for the regulated carriers (by 4.66 percent) and profitability fell significantly. Net income declined almost 39 percent and the profit margin tumbled to 1.15 percent of revenues from a fourth quarter 1983 level of 1.79 percent.

The brunt of the motor carrier decline occurred in the general freight sector as revenues fell 5.95 percent, net income by almost 49 percent and their profit margin deteriorated from 2.05 percent of revenues in the fourth quarter to 1.12 percent in the first. Revenues for specialized carriers declined 2.09 percent, profits by 5.62 percent and the profit margin fell to 1.22 from 1.27.

From the first quarter 1984 to the second quarter, current dollar GNP grew 2.57 percent and in real terms by 1.73 percent. Industrial production improved 3.05 percent. Trucking industry

growth appeared to catch up to the economic improvement noted since the fourth quarter as tonnage increased 9.03 percent, and most significantly in the specialized carrier sector -- a gain of 13.23 percent. Tonnage growth was much lower, at 2.85 percent, in the general freight sector from the first to the second quarters.

The business gains led to improved profitability from first quarter levels. Net profits grew 163 percent for all carriers as revenue increases of 7.30 percent exceeded the rise of 4.49 percent in expenses. The second quarter profit margin was 2.73 percent compared to a margin just over 1 percent in the first quarter. Both general freight and specialized carriers achieved profit growth similar to the all carrier gain, but specialized carriers had a much greater increase in revenues (11.36 percent) than general freight carriers (5.23 percent). In both cases expense increases were held under revenue growth.

Of note, though, is that second quarter results in profitability marked a decline from profit levels in the second quarter of 1983. In the first quarter, the profit margin of 1.1 percent was just fractionally better than a 1.0 percent margin in the first quarter of 1983, and on a six month cumulative basis, margins were down to 1.91 percent from 2.35 percent for six months of 1983.

As economic growth slowed from the second to the third quarters of 1984, motor carrier growth also slowed. Over this period, current dollar GNP grew only 1.37 percent and constant dollar GNP by 0.39 percent. Industrial production was stronger, increasing 2.08 percent, but it also slowed from

its rate of growth experienced in the second quarter. Total tons handled by the regulated carriers grew by only 1 percent. Moreover, the tonnage increase was in the specialized carrier sector (growing 3.65 percent) as the general freight carriers experienced a tonnage decline of 2.94 percent.

The general freight carriers not only experienced the tonnage decline from the second to the third quarters, but revenues and profits declined as well, revenues by 0.56 percent and profits by 24.29 percent. Their profit margin slipped to 2.49 percent. The specialized carriers, on the other hand managed a 1.64 percent revenue increase and a fractional 2.67 percent rise in profits, producing a profit margin of 2.57 percent. Aggregating general freight and specialized carrier results showed a 0.16 percent rise in revenues, a 16.8 percent decline in profits and a decreased third quarter profit margin of 2.52 percent from the second quarter. This margin also was down from the third quarter of 1983.

From the third to the fourth quarters of 1984, the economy and the motor carrier industry showed mixed results. While current dollar GNP rose 1.88 percent and, adjusted for inflation, by 1.19 percent, industrial production fell by 1.42 percent from third quarter levels. In the motor carrier industry, mileage improved a minor 1.3 percent, but tonnage declined by 3.5 percent. Industry profitability problems continued, as operating profits fell 25 percent for regulated carriers. Expenses rose 3.6 percent while revenues increased only 2.3 percent. This caused the operating ratio to rise to 96.47 (from

95.19). Net income declined 18.6 percent and the profit margin fell to 2.33 percent.

The third to fourth quarter results of general freight carriers show slight gains in tonnage and mileage and a 7 percent revenue gain. Expenses grew slightly faster, deteriorating the operating ratio, but net income increased 13 percent from third quarter levels due largely to extraordinary credits. Specialized carriers, on the other hand, experienced declines in all facets of business as tonnage fell 6.4 percent, revenues declined 5.33 percent and operating profits and net profits decreased about 60 percent. The fourth quarter profit margin of specialized carriers declined to 1.16 percent, compared to a 2.97 percent margin for general freight carriers.

Thus, for 1984 compared to 1983, industry profitability has declined in spite of strong economic performance and strong business levels on this comparative basis. With GNP rising 10.9 percent overall (6.8 percent inflation-adjusted) and industrial production by 10.7 percent, tonnage increased almost 8 percent and revenues by over 12 percent. But profits have declined 2 percent and the profit margin slipped to 2.36 percent from 2.70 percent for carriers submitting quarterly reports to the I.C.C. The specialized carriers have shown improvements in all major measures over the course of the year, while the general freight carriers have gained in business levels but declined in profitability. The 1984 profit margin of the general freight carriers, at 2.51 percent, remains higher than the 2.09 percent margin of specialized carriers. The full year comparative results are shown in the accompanying chart.

**RESULTS OF OPERATIONS 1984 VS. 1983 OF CLASS I
FEDERALLY REGULATED MOTOR COMMON CARRIERS OF PROPERTY
(PERCENT CHANGE IN OPERATING REVENUES & OTHER FINANCIAL & OPERATING STATISTICS)**

Description	Operating Revenues	Total Operating Expenses	Interest Expense	Income Taxes	Net Income	Total Vehicle Miles	Total Tons of Revenue Freight	Operating Ratio 1984 / 1983	Net Profit Margin (%) 1984 / 1983
U.S. Total	12.49%	13.07%	18.68%	(1.74)%	(1.93)%	9.10%	8.07%	96.05 / 95.55	2.36 / 2.70
General Freight	11.11	12.24	14.95	(8.85)	(10.62)	9.14	8.88	95.67 94.71	2.51 3.13
Specialized Carriers	14.87	14.48	24.02	24.60	21.88	9.06	7.61	96.66 96.99	2.09 1.97
Heavy Machinery	9.32	9.27	(2.80)	1.48	37.16	0.91	(5.23)	97.40 97.44	1.43 1.14
Liquid Petroleum	10.97	10.84	19.91	11.44	43.86	8.24	4.79	97.31 97.42	0.73 0.56
Refrigerated Products	1.79	2.10	31.55	(6.32)	3.93	(3.57)	(0.40)	96.78 96.49	1.92 1.88
Agricultural Commodities	5.82	6.22	27.91	(29.38)	(5.26)	3.89	6.06	96.66 96.29	2.10 2.35
Motor Vehicles	27.65	26.16	22.54	137.06	58.31	24.46	26.91	95.45 96.58	2.74 2.21
Building Materials	17.98	17.33	50.45	58.03	20.54	11.15	16.90	94.07 94.60	3.79 3.71
Other Specialized Carriers	12.54	12.84	11.98	4.46	(2.78)	9.74	7.30	97.21 96.95	1.89 2.19
Household Goods	20.27%	19.03%	78.80%	23.16%	39.97%	11.24%	16.31%	96.57 97.58	2.63 2.26